

The Financing and Success Factors of Small Business in Kuwait

By:

Abdullah S B J Alhajeri

**The thesis is submitted in partial fulfillment of the requirements
for the award of the degree of Doctor of Philosophy
of the University of Portsmouth**

2012

DECLARATION

Whilst registered as a candidate for the above degree, I have not been registered for any other research award. The results and conclusions embodied in this thesis are the work of the named candidate and have not been submitted for any other academic award.

Candidate

ABSTRACT

Small Businesses (SBs) are considered as one of the pillars of the economic structure, particularly in the developing countries. Kuwait, as one of these developing countries has high hopes for these small businesses to drive the economy as a major component of the economic reform strategy. The current research is complementary to previous efforts attempting to identify problems facing small businesses and the success factors of such projects in the state of Kuwait. This study can contribute to solving some aspects of economic and social problems in Kuwait

The first phase includes determining the effect of independent variables (financial problems, marketing problems, organizational and administrative problems, and legislative problems) on the success factors of SBs. The second phase includes the assessment of the effect of success factors on profits. The third phase includes the measurement of the effect of profits and SBs problems on the continuation of these SBs.

The research sample comprises owners and managers running small projects, along with a group representing the supporting bodies of small projects in the state of Kuwait.

The results show that only project management and the level of profit have a relationship with the problems facing small projects in Kuwait. Also it was found that there were significant differences between the views of relevant categories of study about the success factors of small projects in Kuwait. In addition, it was found that there was a significant relationship between the problems facing small projects in Kuwait and the success factors of those projects. These problems explain 75.8% of variance in the success factors. However, there was a weak relationship between the problems facing small projects in Kuwait and the intention to continue the project, Those problems explain 2.6% of the variance in the dependent variable. Moreover, a significant relationship was found between the problems facing small projects in Kuwait and the level of profits earned, with the problems explaining 11.9% of the changes in the dependent variable. Also, it was found that there was a significant relationship between the level of profits earned and the intention to continue the project.

Finally, specific recommendations have been introduced for policy makers and managers to benefit from this study. Furthermore, suggestions are made for future studies.

Acknowledgements

I would like to express my deep gratitude to my supervisors, Professor David Weir, and Dr Arief Daynes for their continual support, encouragement, advice, and their understanding of my circumstances during this study. I am deeply indebted to my supervisors. Their dedication and belief in my work was pivotal in enabling me to complete this study.

Furthermore, I'd like to express my great appreciation to all the managers, owners, and foundation officials supporting small businesses who gave of their valuable time to contribute to this study. My thanks, also, are to Dr. Sanad Alajmi for his continual support and encouragement.

My special thanks are to my beloved parents, brothers, and sisters, for their support, and encouragement during my study, particularly to my mother who always blessed me.

Finally, my special thanks are to my beloved wife, for her understanding, patience, and support, and to my children.

Dedication

To the memory of my absent father, who supported and encouraged me through my life.

To my dear mother, for her encouragement, which inspired my success. Also, to my brothers and sisters, who supported and encouraged me.

To my beloved wife, for her patience, support, and encouragement during the long journey in higher studies, and to my children who add delight to my life.

TABLE OF CONTENTS

	Page
 CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1-1
1.2 Definition of the Problem	1-4
1.3 Significance of the Study	1-10
1.4 Objections of the Study	1-11
1.5 Research Model	1-12
1.6 Organization of the Study	1-14
 CHAPTER TWO: SMALL BUSINESS DEFINITION AND FINANCING SOURCES	
2.1 Introduction	2-1
2.2 Definition of Small Business	2-3
2.3 Reasons for Establishing a Defined Concept for Small Business	2-12
2.4 The Most Important Aspects Distinguishing Small Business	2-16
2.5 Importance of Small Business	2-21
2.6 Economic & Social Importance of Small Business	2-23
2.7 Projects Financing Sources	2-32
2.7.1 Short term finance	2-34
2.7.2. Medium term finances	2-36
2.7.3. Long-term finance	2-39
2.8 Summary	2-45
 CHAPTER THREE: SMALL BUSINESS PROBLEMS	
3.1 Introduction	3-1
3.2 Problems Confronting Small Businesses in General	3-7
3.2.1 Financial problems	3-8
3.2.2 Organizational and Administrative problems	3-14
3.2.3 Marketing problems	3-19
3.2.4 Structural & legislative problems	3-22
3.3 Problems Confronting Small Business in Arab Countries	3-23
3.4 Contemporary Challenges Facing Small Businesses	3-27
3.5 Summary	3-33

CHAPTER FOUR: KUWAIT AND ITS INDUSTRIAL DEVELOPMENT

4.1 Introduction	4-1
4.2 Kuwait Background	4-1
4.2.1 Historical Background	4-1
4.2.2 Location & Area	4-2
4.2.3 Population	4-3
4.2.4 Development of social and cultural life	4-4
4.3 Kuwait Economy	4-7
4.4 Industry in Kuwait	4-12
4.4.1 Stages of development of Kuwaiti industry	4-13
4.4.2 Problems of industry in Kuwait	4-16
4.4.3 Industrial sector growth	4-17
4.5 Summary	4-21

CHAPTER FIVE: SMALL BUSINESS IN KUWAIT

5.1 Introduction	5-1
5.2 Small Business in Kuwait	5-2
5.2.1 Public Authority for Industry	5-4
5.2.2 Kuwait Company to Develop Small Projects	5-7
5.2.3 The Kuwait Industrial Bank (Crafts activities and small business financing portfolio)	5-10
5.2.4 Kuwait Chamber of Commerce and Industry	5-13
5.2.5 Kuwait University (Entrepreneurs hip Development Programme)	5-14
5.2.6 Public Authority for Applied Education and Training (Shuwaikh Incubator)	5-15
5.2.7 Ministry of Commerce and Industry	5-17
5.2.8 Workforce restructuring Program and National Executive Board	5-18
5.2.9 Commercial banks and Investment companies	5-19
5.3 The challenges of small business in Kuwait	5-22
5.4 Summary	5-24

CHAPTER SIX: RESEARCH METHODOLOGY

6.1 Introduction	6-1
6.2 Research Design	6-1
6.3 Research Hypotheses	6-2
6.4 Research Method	6-4

6.5 Questionnaire Design	6-6
6.6 Pilot study	6-9
6.7 Population and Sample	6-10
6.8 Questionnaire Administration	6-13
6.9 Reliability & Validity coefficients	6-14
6.10 statistical Analysis Procedure	6-16
6.11 Summary	6-18

CHAPTER SEVEN: DESCRIPTION OF THE RESEARCH SAMPLE

7.1 Introduction	7-1
7.2 Demographic Characteristics Projects Management	7-1
7.3 Features of Projects	7-8
7.4 The institutes that support small business in Kuwait	7-17
7.5 Problems Facing Small Businesses	7-19
7.6 Assistances given to small projects	7-25
7.6.1 Financing Assistance	7-26
7.6.2. Marketing assistance	7-27
7.6.3 Technical Assistance	7-27
7.6.4 Managerial Assistance	7-28
7.7 Summary	7-29

CHAPTER EIGHT: HYPOTHESIS TESTING AND ANALYSIS RESULTS

8.1 Introduction	8-1
8.2 Differences Between the Views of Relevant Categories of Study About the Problems Facing Small Projects in Kuwait	8-1
8.3 Differences Between the Views of Relevant Categories of Study About the Success Factors of Small Projects in Kuwait	8-16
8.4 Relationship Between the Problems Facing Small Projects in Kuwait and among the Success Factors of those Projects	8-28
8.5 Relationship between the problems facing small projects in Kuwait and the intention to continue the project	8-37
8.6 Relationship between the success factors of small business in Kuwait and the level of profits earned	8-45
8.7 Relationship between the level of profits earned and the intention to continue the project	8-49

8.8 Differences between the views of relevant categories of study about the problems facing small projects in Kuwait according to type of sector	8-51
8.9 Summary	8-53

CHAPTER NINE: CONCLUSION AND RECOMMENDATION

9.1 Introduction	9-1
9.2 Major Findings of the Study	9-1
9.2.1 Demographic Variables	9-2
9.2.1.1 Demographic characteristics of project management	9-2
9.2.1.2 The features of projects	9-3
9.2.2 The institutions that support small business in Kuwait	9-4
9.2.3 Assistances provided by agencies for small business	9-4
9.2.4 The range of problems effects according to project stages	9-5
9.2.5 The results of hypothesis testing	9-6
9.3 Discussion	9-14
9.4 Recommendations	9-19
9.4.1 Financial Recommendations	9-19
9.4.2 Marketing Recommendations	9-19
9.4.3 Administrative recommendations	9-19
9.4.4 Legislative Recommendations	9-20
9.5 Suggestions for Future Research	9-21
9.6 Limitations of the Study	9-22

BIBLIOGRAPHY	A-1
Appendix–B. Questionnaire	B-1
Appendix–C. Questionnaire	C-1
Appendix–D. Tables	D-1

List of Table

		Page
Table 2.1	Criteria for Defining Project Type	2-10
Table 2.2	Criteria used by some international bodies for defining small business	2-13
Table 2.3	Criteria used in the Gulf States for defining small business	2-14
Table 2.4	The size of small businesses in different countries	2-16
Table 2.5	Characteristics of small and major business	2-21
Table 3.1	Key risk factors threatening small businesses from the writers perspective	3-3
Table 3.2	Important causes of small scale project failures	3-4
Table 3.3	Important factors influencing success of small projects	3-6
Table 4.1	Population by Nationality and Gender (Kuwaiti & non Kuwaiti)	4-3
Table 4.2	Grand Domestic Production in Manufacturing Industry Sector 2000-2008	4-13
Table 5.1	The Organization supporting the small business in Kuwait	5-3
Table 5.2	Number of industrial Licenses according to the type of industrial establishment	5-6
Table 6.1	Size & Distribution of sample	6-12
Table 6.2	Reliability and validity coefficients of the measures used in the questionnaire	6-15
Table 7.1	Distribution of the research sample according to project management	7-2
Table 7.2	Distribution of the research sample according to project management and age	7-3
Table 7.3	Distribution of the research sample according to project management and gender	7-4
Table 7.4	Distribution of the research sample according to Project management and qualification	7-5
Table 7.5	Distribution of the research sample according to Project management and years of experience in project management	7-6
Table 7.6	Distribution of the views of the sample about the extent of intention to continue in managing the project	7-7
Table 7.7	Distribution of period in the market according to project management	7-8
Table 7.8	Distribution of the project capital according to Project	7-9

	management	
Table 7.9	Distribution of the number of workers in the project according to project management	7-10
Table 7.10	Distribution of the ratio of capacity employed in the project according to the project management	7-11
Table 7.11	Distribution of the production system used in projects according to project management category	7-14
Table 7.12	Distribution of the degree of automation used in the project according to the project management category	7-15
Table 7.13	Distribution of the views of the research sample about the most important financing sources according to the project management category	7-16
Table 7.14	Distribution of the views of the research sample about institutions in Kuwait , previously deal with that support small projects accourding to the project management	7-17
Table 7.15	Distributions of profit levels according to project management category	7-18
Table 7.16	Distribution of the views of the research sample on the present stage of progress of the project and the existence of financial problems	7-20
Table 7.17	Distribution of the degree of effect of the financing problems	7-20
Table 7.18	Distribution of the research sample views the present stage of project and the existence marketing problems	7-21
Table 7.19	Distribution of views on the impact of marketing problems	7-22
Table 7.20	Distribution of the views of the research sample about the present stage of the project and the existence of managerial and organization problems	7-23
Table 7.21	Distribution of the degree of effect of the managerial and organization problems	7-24
Table 7.22	Distribution of the views of the research sample on the present stage of the project and the existence of legal problems	7-24
Table 7.23	Distribution of views on the degree of impact of legal problems	7-25
Table 7.24	Distribution of the types of financing aids given by supporting boards to owners of small business	7-26
Table 8.1	Correlation coefficients among the problems facing small projects in Kuwait and among the success factors of those projects.	8-31
Table 8.2	Step-wise regression models	8-34
Table 8.3	Correlation coefficients among the problems facing small projects in Kuwait and the intention to continue the project	8-40
Table 8.4	Step-wise regression models	8-43

Table 8.5	Correlation coefficients among the problems facing small projects in Kuwait and the level of profits earned	8-47
Table 8.6	Step-wise regression models	8-48
Table 8.7	Correlation coefficients among the level of profits earned and the intention to continue the project	8-49
Table 8.8	Simple regression models	8-50
Table 8.9	descriptive statistics of the problems facing small projects in Kuwait according to sector type	8-52

LIST OF FIGURES

		Page
Figure 1.1	Research Model	1-13
Figure 1.2	Organization of Study	1-17
Figure 3.1	Classified markets according to the number of competitors	3-33
Figure 4.1	Population by Nationality and Gender (Kuwaiti & non Kuwaiti)	4-3
Figure 7.1	Description of the research sample according to the project management	7-2
Figure 7.2	Description of the research sample according to age	7-3
Figure 7.3	Distribution of the research sample according to qualification	7-5
Figure 7.4	Description of research sample according to project period in the market	7-8
Figure 7.5	Description of research sample according to capital	7-10
Figure 7.6	Description of the research sample according to number of workers	7-11
Figure 7.7	Description of the research sample according to the project capacity used	7-12
Figure 7.8	Description of research sample according to profit levels	7-19

ABBREVIATIONS

SBs	Small Businesses
SME	Small and Medium Enterprises
UNIDO	United Nation Industrial Development Organization
OICD	Organization of International Cooperation and Development
ILO	International Labor Organization
GDP	Gross Domestic Produce
GOIC	Gulf Organization For Industrial Consultations
KD	Kuwaiti Dinar
GCC	Gulf Cooperation Council
PAI	Public Authority for Industry
KIB	Kuwait Industrial Bank
EDP	Entrepreneurship Development Programme
CEM	Center of Excellence in Management
WTO	World Trade Organization
SPSS	Statistical Package for Social Sciences

CHAPTER ONE

INTRODUCTION

1.1 Introduction

There is no doubt that on the academic and practical level, small projects, especially industrial ones, hold the key to economic, social, political and intellectual development, as they have considerable potential to increase productivity and generate more job opportunities. This is well-established. The international development literature is replete with success stories in both developed and developing nations alike. World Bank experts spare no effort to compile information from meetings and international conferences, and world reports issued by the Bank emphasize the importance of these small projects, and the pivotal role they play in improving the economy and industry (Ibrahiem, 1995). These projects have the ability to respond rapidly to the changing needs of the market, besides their valuable contributions to export, trade and technological development.

In addition, small businesses have enhanced the economic capability of both developed and developing nations, by the initiatives and innovations they launch every once in a while, making them a major source of new ideas and inventions. Together with large projects, they can provide a diverse collection of products and services, satisfying needs that might be hard for larger corporations to respond to. This is because small businesses are closer to the final consumers and consequently more aware of their needs (Khalil, 1999).

With the advent of the 21st century, small businesses are still very much one of the cornerstones of industry and production, acting as a catalyst that supplements the activities performed by major productive organizations. Rapid advancements in the economy and in technology have helped reinvent the role played by small businesses (Al Aany, Jawad, Arshid, and Hejazy, 2010), due to their organizational features and production philosophies introduced to meet the constantly changing needs of customer markets. As a result of the greater role assigned to small businesses, many countries have passed statutes regulating the supporting organizations, to create a favorable atmosphere for the steady and sustainable growth of small businesses. Such measures include the removal of restrictions on registration procedures, provision of soft loans, creation of proper incentives for production and exports, helping to find better access to market places, locating supporting firms, and in financial, accounting and technical consultation and technological assistance. Countries adopting free market economic principles open the door wide to small businesses, which account overall for around 40% of their economies (Almotawa 2000). In the U.S.A. small businesses account for 76.5% of the job opportunities created during the period from 1990-1995. This massive number undoubtedly reflects the major role played by this sector in the development of the American economy. In the U.K. statistics indicate the so-called self-employment phenomenon, which accounts for 27% of the total labour force, and is referred to as the main generator of job opportunities (Berfin, 1998). Also small sized enterprises in Asian countries now contribute substantially to international economic development (Ritchie and Lam, 2006).

It would be unfair to try to compare the Kuwaiti experience with the international success stories, given the short period that has elapsed since Kuwait has

seriously addressed the issue of the contribution of small businesses to its economy. The importance of the role played by this sector is still not appreciated by Kuwaiti citizens, who prefer the security and stability provided by government positions, with 95% of them employed by the public sector (Al Romi, 2000).

Before reviewing problems affecting small business in the state of Kuwait, the theme of the present research, we will first shed some light on certain facts and challenges previously reported to be posed to these projects, thus showing the complexity of the entire issue:

- The government sector in Kuwait hires approximately 95% of all Kuwaiti workers.
- The contribution of the private sector to national employment is only 5%.
- 5000-8000 graduates of Kuwaiti colleges and universities are expected to enter the labor market annually.
- The Kuwaiti population has more than doubled during the last 30 years, opening the door wide to small businesses that account for 36% of the total population, with this number expected to double within the coming 20 years.
- The poor quality of labour, particularly of the marginal labour coming from Asian countries.
- The proportion of the Kuwait population under 19 years old exceeds 50% (approximately 55%).
- The number of job applicants is expected to rise from 13.000 in 1998, to around 22,500 by 2010 (Alyoussef, 1995).

1.2 Definition of the Problem

As mentioned earlier, small businesses play a crucial part in developing state economies, besides being integral to the industrial structure within these countries. Therefore, high hopes are pinned on these businesses, to drive the economy forward as a major component of the economic reform strategy.

The questions that arise here are: Are these businesses given due attention in terms of research and study? Are they expected to be successful in the Kuwaiti national economy, once they are afforded the opportunity? Are there significant problems that hinder these projects? What assistance is needed to help these businesses attain their objectives?

To answer the above questions, a review of the previous studies and related literature is required to identify the results of such studies, as a starting point or baseline for further research. It is notable that more attention has been directed to the issue of the success and failure of small businesses since the early 1980s (Einba, 1995). Some studies report the presence of problems facing small businesses. A study by Sidihoum (1969) analyzed industrial organizational problems existing in the small businesses sector in Egypt, in order to find means to overcome these problems. It was reported that these industries operated without distinct economic connections binding them together. They lack an industrial organization to guide their journey, or even production cooperatives uniting them, and needed help to find answers to their administrative grievances. Moreover, these projects experienced other troubles such as marketing and funding problems. Al-Bakry (1973) concluded that numerous problems confront small

business in Egypt, including management, production, labour, funding and marketing difficulties. The roles played by the government and the project management in handling these problems was said to be unclear.

Al Shorkawy's study (1981) contended that small businesses face some domestic problems such as funding, labour, raw materials and marketing, along with external problems (e.g export, import, and taxes). These problems seem to pose serious obstacles to these projects, preventing them from playing the hoped for role in driving industrial development.

Wichman's study (1983) sought to identify the significant problems confronting small businesses and reasons for their discontinuation or failure in some cases. The study examined a sample of businesses that received loans in the states of Alaska and Wyoming, and found three major areas of difficulty that small businesses confront: accounting, marketing, and managerial difficulties. Wichman concluded that there are several reasons for discontinuation bankruptcy, merger, and retirement of an owner.

This study is considered biased to some extent as the researcher does not look for other problems faced by small businesses. Further, the study focuses on the internal factors only, without considering external ones that may also have an impact on the failure of this type of enterprise.

A study by Al Moutawa (1987) on funding small businesses in the Kingdom of Saudi Arabia found that lack of funds needed to finance the needs of such projects was the major cause of their failure. The study pointed out that deficient capital and

problems related to loans received by these businesses lay behind their inability to survive. This study focuses on the financial problems only, but it ignores the remaining problems, such as marketing, administrative and legislative problems.

The study by Steiner (1988) also sought to determine the factors influencing the success of small businesses in a pilot study that relied on a sample comprised of 30 small industrial companies with less than 200 employees each. Three factors were named as crucial to make progress: management qualities, operation characteristics, and competition strategy. The results showed relationships linking those factors to success. This study focuses only on some internal factors that may affect the success of small businesses and does not include the external factors.

Al Pander (1990) identified the strategic problems small businesses have to tackle during the first three years of emergence, and noted that the way managers handle these difficulties are among the key factors for survival. The study concluded that there are internal problems related to the environment where such businesses operate that must be handled skillfully if they are to survive, besides the managerial skills required. It stated that the speedy failure of these projects can be blamed in most cases on incompetent management.

Helmy's study (1992) examined multiple problems posed to small businesses, including funding and production problems. Marketing was said to be a major obstacle to industries established in craftsmen areas as they are difficult to reach and distant from

market places. Other problems include deficient promotion activities and a lack of marketing information.

Einba (1995) compared small businesses in India, Japan and Egypt. The study looked at the internal and external factors influencing these projects, citing variables contained within these factors. It also discussed how to measure the level of success achieved by a small industrial business, drawing on experiences from other countries.

This study is considered as one of the important studies in this field as it discusses the experiences of other countries, Japan and India, and compares them with the Egyptian experiment in this field, in order to conclude useful lessons from the experiments of such countries. Further, the study has designated a number of internal and external factors that affect small businesses, in addition to identifying factors that contribute to the success of small businesses.

Al Romey (2000), in his study on small businesses, explored the problems and solutions in the short life span of the Kuwaiti experience of small businesses, compared to success stories in the United Arab Emirates, United Kingdom, and South Korea. The study highlighted the absence of Kuwaitis from this sector and their preference for the government sector instead. He cited significant obstacles to entering the small business sector, such as:

- Lack of experience and knowledge of small business management.
- Difficulty obtaining the necessary capital.
- Red tape and bureaucratic hurdles in relation to the administration license.

This study compares the experiment of Kuwait and those of the United Arab Emirates, United Kingdom and South Korea and it has determined the most important obstacles faced by small businesses. However, we hold that this comparison is not fair, due to the difference of cultural and social aspects between the Kuwaiti community and those of such countries, particularly the United Kingdom and South Korea.

Al Sultan (2002) conducted a study on the Kuwaiti Company for the Development of Small Businesses, looking at the objectives pursued by small businesses. He noted the difficulty in gaining society's acceptance of the idea of small business development, and the resulting difficulty in promoting and marketing the concept of entrepreneurship. However, this study does not discuss the many other problems faced by small businesses.

Anter and Elyan (2006) attempt to show the importance of small projects in the activation of economic activity from the perspective of the current challenges and daunting competition due to the implementation of global trade liberalization, through which the world will be a big market where survival requires competing in terms of international quality, low price and continuous development. They conclude that there are factors and strong reasons for the failure or success of this type of project, particularly the competence of management, the capacity and personality of the project manager, and the quality of the decisions taken by them. Success also requires the competent selection and expansion of projects, the development of financing methods, product marketing, and integration with large-scale projects. Reduction of

unemployment in the Arab countries and developing countries can be achieved by creating a large number of productive employment opportunities, to further the economic and social development in these countries in general.

Review of the above studies reveals that there are academic gaps afflicting this vital sector in Kuwait, that need further examination to reach effective solutions. The studies mentioned above are in agreement on the presence of numerous problems facing small projects. An important question arises on the factors determining success of these businesses. These can be ascertained through the careful examination of these problems.

The present research, complementary to the previous studies, introduces the research problem as "what are the problems facing small businesses (financial, marketing, organizational, administrative, and legislative) in Kuwait? What are the success factors required for such projects, and how do they impact on survival and profitability? Therefore, the problems of this research can be stated in the following questions:

- 1- Are there significant differences in the views of the study population on problems facing small project in Kuwait?
- 2- Are there significant differences in the views of the study population on the success factors needed for small projects in Kuwait?
- 3- Is there a significant relationship between the problems facing small projects in Kuwait, and the success factors of such projects?
- 4- Is there a significant relationship between the problems facing small projects in Kuwait and the continuation of these projects?

- 5- Is there a significant relationship between the success factors of small projects in Kuwait and the level of profits made?
- 6- Is there a significant relationship between the level of profits and the continuation of the projects?
- 7- Are there significant differences among the study population on problems facing small projects by industry sector?

1.3 Significance of the study

Small projects play a crucial role in improving the economy, whether that of a developed or developing nation, as they contribute to various industrial areas and consequently to Gross Domestic Product (GDP). In addition small projects help form a balanced industrial sector that serves the economy and contributes to the eventual progress of nations.

The importance of the study is manifested in the fact that its recommendations can meet the needs of people in charge of small businesses within the state of Kuwait. Thus, they may be able to identify success factors for small projects to inform the design of assistance programs provided to these businesses. Small businesses are of great importance to both the private and public sectors, as they represent the underpinning of the economy for the economic and social gains they bring about. These projects also have the ability to solve aspects of economic and social development problems in the state of Kuwait through the following:

- 1- Contribution to the restructuring of the national labour force, since these projects encourage young Kuwaitis to participate in such activities.

- 2- Contribution to the restructuring of the Kuwaiti economy through the development of small industries.
- 3- Providing the small production unit base needed by the major industries.
- 4- Ease of pressure on the civil service authority in Kuwait as a result of the new job opportunities created from small projects.
- 5- Contribution to the restructuring of the population composition in the long run by reducing demand for foreign labour.

1.4 Objectives of the Study:

The current research is complementary to previous efforts attempting to identify problems facing small businesses and the success factors of such projects in the state of Kuwait. This study can contribute to solving some aspects of economic and social problems in Kuwait. The objectives of the research may be summarized in the following points:

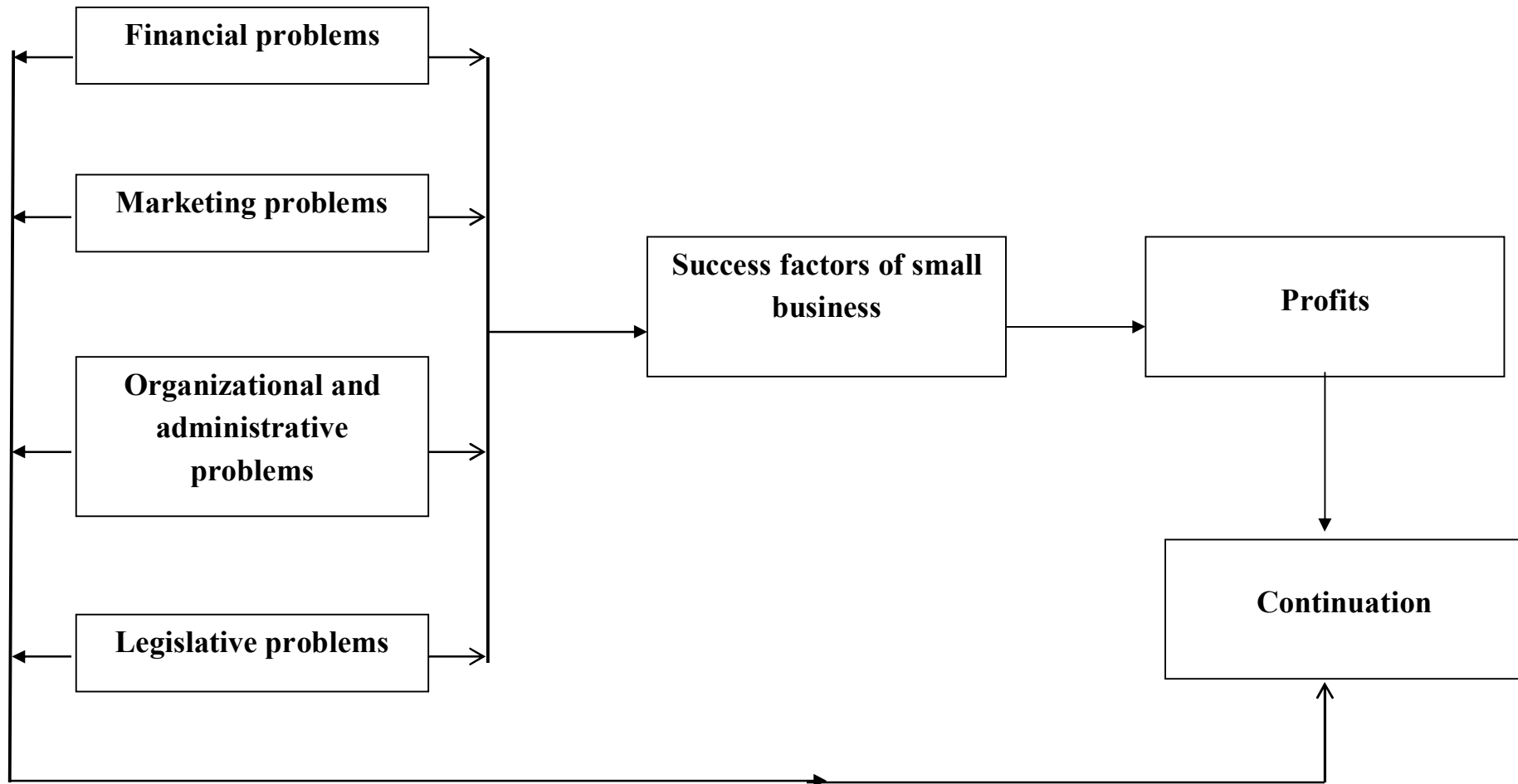
- 1- To identify the demographic profile needed for small project managers, along with the most important characteristics of these projects.
- 2- To recognize the significant problems facing the small projects.
- 3- To identify the varying levels of difficulty confronting small businesses based on the type of industrial sector concerned.
- 4- To identify factors influencing the success of small projects.
- 5- To find out about funding sources for small projects in particular, and economic projects in general.

- 6- To provide guidance to those wishing to launch new small projects, besides improving the efficiency of existing projects.
- 7- To attract the attention of the official government bodies and the Kuwaiti people at large to the pivotal role played by small businesses.

1.5 Research Model

One of the main objectives of this research is to determine the most important success factors of Small Businesses (SBs). This model, as depicted in Figure 1.1 comprises three phases. The first phase includes determining the effect of independent variables (financial problems, marketing problems, organizational and administrative problems, and legislative problems) on the success factors of SBs. The second phase includes the assessment of the effect of success factors on profits. The third phase includes the measurement of the effect of profits and SBs problems on the continuation of these SBs.

Figure 1.1 Research Model



1.6 Organization of the Study

Figure 1.2 provides an overview of the research plan. The thesis consists of nine chapters. The following is a brief description of these chapters.

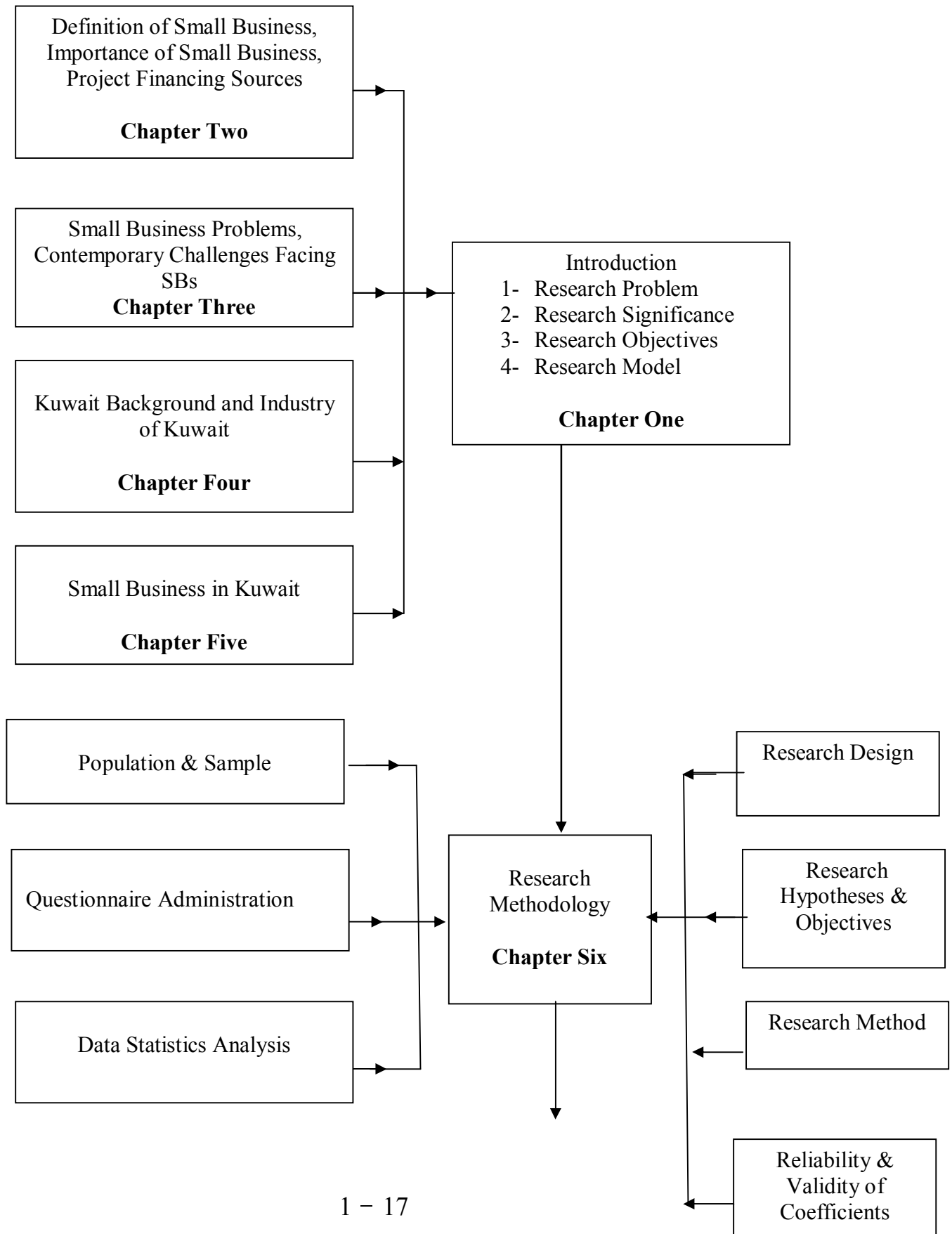
1. Chapter One introduces the background to this study. It discusses the problem of the study, the significance of the study, the main objectives, the research model, and the organization of the study. This chapter provides the basis for the later chapters of the thesis.
2. Chapter Two includes the definition of small business, reasons for establishing a defined concept for small business, the importance of small business, the economic and social importance of small business, and project financing sources.
3. Chapter Three describes the main problems confronting small businesses in general (financial, administration, marketing, and legislative), the main problems confronting small business in Arab countries, and contemporary challenges facing small business.
4. Chapter Four gives an overview of Kuwaiti background information and major environmental factors. It includes a brief review of the historical background, location, area, population, labour force, and development of social and cultural life, the Kuwait economy, and lastly it provides information on industrial development in Kuwait.
5. Chapter Five gives an overview of small business in Kuwait, and describes Kuwait organizations which support small businesses in Kuwait, like Kuwait Company to Develop Small Business, Public Authority for Industry, The Kuwait Industrial Bank, Kuwait Chamber of Commerce and Industry, Kuwait University, Public Authority for Applied Education and Training, Ministry of Commerce and

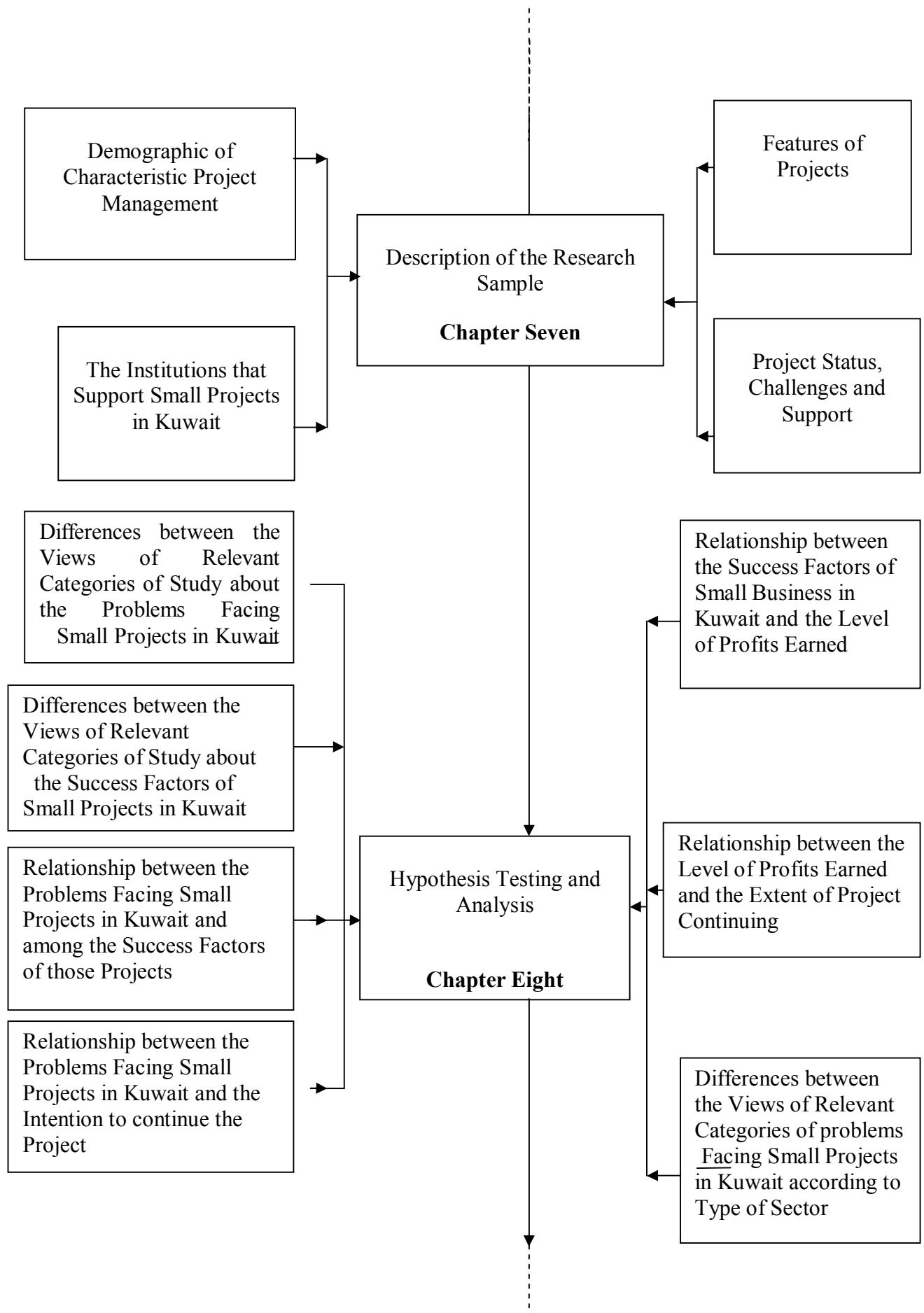
Industry, Workforce Restructuring Programme and National Executive Board, commercial banks and investment companies

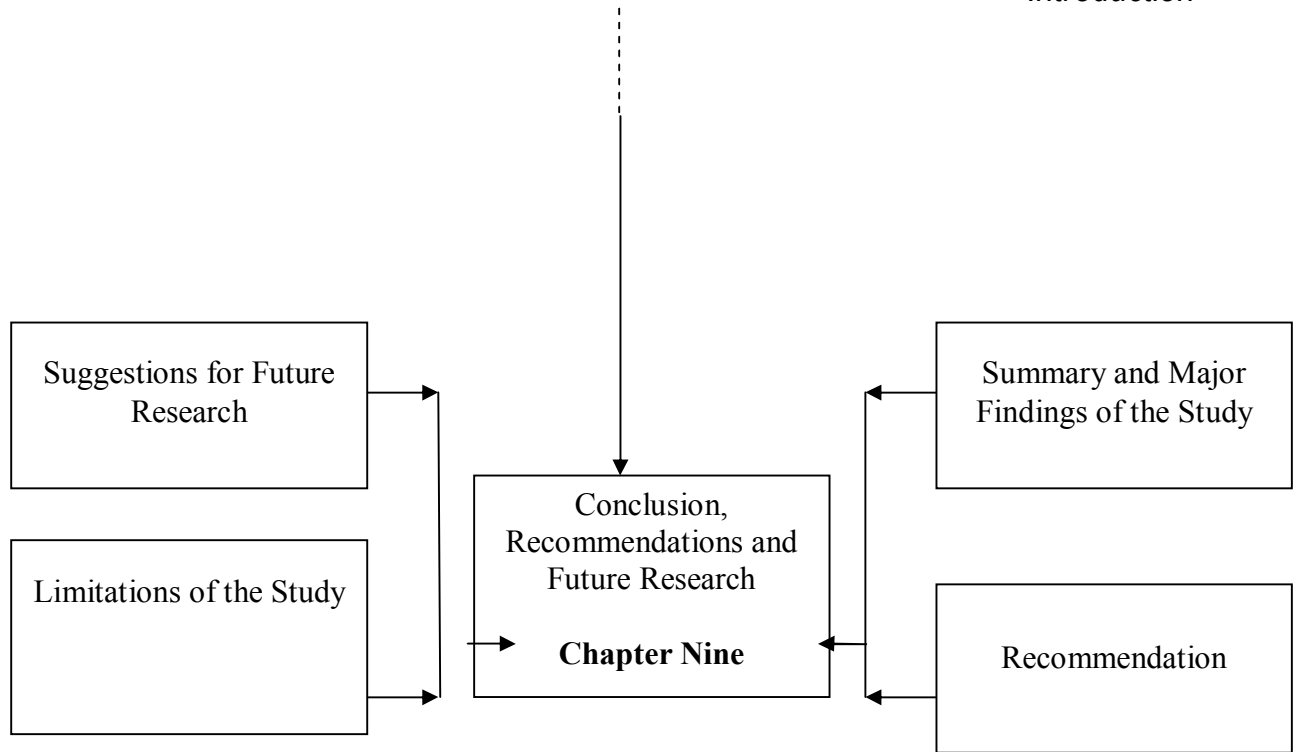
6. Chapter Six explains the research methodology used to accomplish the study objectives. It describes the research design, research hypotheses, methods used to collect data including questionnaire design, the research population and sample. The procedures for questionnaire administration are explained, along with data analysis tools.
7. Chapter Seven describes the demographic variables of project managers participating in the study, and the features of these projects. It introduces the nine organizations that support small business in Kuwait. Respondents' views on problems and their effects according to project stages, and the assistance provided by agencies supporting small business are reported.
8. Chapter Eight is devoted to analytical statistics and hypothesis testing. It explains the differences between the views of relevant categories of study about the problems facing small projects in Kuwait, and the success factors for small businesses in Kuwait. Analysis is presented of the relationships between the problems facing small businesses in Kuwait and the success factors of those projects; between the problems facing small businesses in Kuwait and the likelihood of continuing the project; between the success factors of small business in Kuwait and the level of profits earned; and between the level of profits earned and likelihood of continuation. Differences between the views of relevant categories of problems facing small projects in Kuwait according to type of industry sector are also examined.

9. Chapter Nine summarizes the major findings of the study and offers general recommendations for policy makers of organizations in Kuwait which support SBs, followed by suggestions for future research and discussion of limitations of the present study.

Figure 1.2 Organization of Study







CHAPTER TWO

SMALL BUSINESS DEFINITION AND FINANCING SOURCES

2.1 Introduction

Small Businesses (SBs) are considered as one of the pillars of the economic structure, particularly in the developing countries. This approach is not however only confined to developing countries; rather, it is a worldwide development, due to the historical role of such businesses in the development of many countries, such as Japan and the Southeast Asia countries (Abdul Baqi, and Mahmoud, 2003). The strategic changes in the business environment have been accompanied by an increasing trend towards the small business approach, as well as other changes in the structure of social and economic values, forming what are called “international values” (Burningham, O’Brien, 1994).

SBs are characterized by their flexibility and dynamic nature, in the sense that they are more adaptable to changes compared with other projects. They can stand risk and have the ability to achieve a high degree of vertical and horizontal coherence between different economic sectors. This fact is confirmed by the reality that the growth and survival of many SBs depend on the productive, service and logistic support provided by the small business sector. For this reason the sector constitutes an essential supplementary part of any economy seeking growth and is one of its important components (Douglas and Craig, 1992).

These industries have a considerable role in constructing the national economy. The small business sector's importance is evident from the utilization of its powers and potential in developing expertise and skills, as being as one of the most important branches of the developmental process. Despite the current debate, regarding the history of small and intermediate industries it has been discovered that these industries are ancient and were the starting point of the manufacturing movement. However, it is new with respect to the great attention currently being paid to these industries by those interested in the economic, social and developmental issues (Al Mahrook, 2006).

However, a misguided approach has emerged in most developing countries, focusing on the construction of modern industrial edifices and an excessive interest in the major industries, coupled with disregard of the SBs despite their importance. This neglect was one reason for the imbalance in the experience of manufacturing and development during the sixties and seventies in particular. However, since then some developing countries have become aware of the risk of inappropriate policies toward the SBs. Consequently there emerged an urgent need to discuss this case on the international level in terms of both concept and application (Yusri, 2000).

This chapter explores the multiple definitions of small business, and the reason why a clear conceptualization is needed. The characteristics of small business are discussed and their importance is highlighted. Finally, project financing sources are considered.

2.2 Definition of Small Business

Writers, officials and organizations all over the world have different definitions regarding SBs. These differences are due to the differences between economic sectors (food, mining, etc.) and in the levels of development among countries, as well as the existence of multiple criteria that can be relied upon for the definition of SBs (Abdul Qader, 2002). The criteria that define SBs identified from studies relating to SBs include size of production, number of workers, size of sales, type of customers, size of assets, capital and the level of administrative and technical organization. However it is noticeable that the most commonly used criteria of definition are the numbers of workers or the size of capital, or both.

That developed and developing countries differ in their definitions of small businesses makes it difficult to make comparisons between them (Afana and Abu Aeed, 2004). In order to cope with this difficulty, the practice of many developed and developing countries to adopt the International Labor Organization (ILO) definition: "small projects are those that employ between 10 to 99 labors, and those with more than 99 are large projects". Also ILO defines small business or businesses as "very small units that produce and distribute goods and services. It consists of independent producers who work for their own account in the urban regions of the developing countries. Some of these projects depend on working from inside the family, while other projects may rent workers or craftsmen. The majority of small businesses are working with very small fixed capital, or may be without any fixed capital and employ low-level efficiencies. It usually gains irregular income and provides unstable job opportunities. It

is included within the non-official sector, it is not registered with the government authorities and it does not have statements within official statistics” (ILO, 1991).

The definition made by the World Labor Organization does not depend on quantitative criteria for defining small businesses; rather it has adopted the descriptive approach to reflect the importance of these projects. This approach does not accurately define things; rather it narrates some aspects of this thing. The definition has mentioned several descriptions of small businesses, including:

- Very small size units that produce and distribute goods and services.
- It consists of independent producers working for their own account.
- These projects are managed with very small capital.
- It employs a low level of efficiency.

"Small" is not defined in terms of staff or sales; it is any operation from one person upwards. What defines small is that you the person running it can put your arms around it and feel that it is yours (Hipkiss, 2010).

Descriptive definitions concentrate on defining the features of the minor projects as to its degree of impact in the market or the form of its management and ownership (Enaba, 2002).

The U.S.A. was the first country to defined SBs in 1948. A project was considered a small business if it met three criteria, namely (Ibrahim 2000):

- 1- The status of the business in the industry was unstable.

- 2- The number of workers was less than 500.
- 3- It depended on the owner.

The Committee of Economic Development (CED) in the U.S.A. has formulated a definition of SBs based on several characteristics of this type of project. It defines SB as a project that fulfils at least two of the following conditions or characteristics: (AlMahrook & Mokamla, 2006):

- Independent management: The project owner is the project manager.
- Capital is provided by the individual owner or a small group of owners.
- Business is conducted in a local area. The owners and workers are living in one community, although markets are not necessarily local.
- Project size is relatively small compared with the relevant industry.

In a report submitted by the Survey Committee, U.K. regarding SBs in 1971, the committee examined several methods for defining the SBs and used an economic definition of SBs focusing on three characteristics that differentiate between SBs and large ones, namely (Murphy, 2004):

- 1- Market share.
- 2- Management is undertaken by the owner personally.
- 3- Independence of the project regarding decision-making and the non-existence of any influence from any major establishment.

In 1971, the Wiltshire Committee made a similar attempt in Australia to define an SB, stating that “it is the project whose administrative vital decisions, such as accounting, finance, operation or service, marketing and sale are undertaken by one

person or two without assistance from internal specialists and with limited knowledge” (Wiltshire Committee, 1971).

The definition of small business differs from each country according to the number of employees or value of assets. In the Singaporean context, domestic small businesses are defined as companies with at least 30 percent local equity and fixed productive assets not exceeding US\$11.6 million and employment size not exceeding 200 workers for commerce or services sectors (Teng, Bhatia, and Anwar, 2011).

It has been explained that these countries adopt quantitative criteria for defining small projects. However, the labor criterion represents the simplest criterion adopted for definition, and is the most commonly used, i.e. the use of the number of workers as a criterion for defining small, medium and large businesses. This criterion is characterized by several advantages, including (AlMahrook & Mokamla, 2006):

- It facilitates the comparison between sectors and countries.
- It is a stable yardstick, particularly when we know that it is not associated with price changes or exchange rate differences.
- It is easy to collect information on this criterion.

One of the defects of this definition is that it differs from one country to another. Further, it does not take into consideration the technological differences employed in production. In addition to the labor criterion, these countries have adopted a capital criterion (invested capital) that is considered as a basic criterion in several countries to

distinguish between small, medium and large projects, based on the fact that the size of investment reflects the size of the business. "However, the most important defect of this criterion is a difficulty to compare among countries due to the difference among their currency exchange rates (Almahrooq and Mukabala, 2006).

Cochran (1982), discussing attempts by researchers and policy makers to fix a definition for SBs noted that several criteria were used, including:

- 1- Total wealth.
- 2- Relative size of the project within the relevant industry.
- 3- Number of employees.
- 4- Size of production.
- 5- Annual sales and net income.

Egyptian Small Enterprises Law define a small enterprise as a company or individual enterprise engaged in economic activity, production, service or trade with a capital ranging between 50 thousand and one million Egyptian pounds, and the number of employee not more than 50 workers (Muhammad, 2009).

In defining small businesses, Egyptian law has adopted the criterion of number of workers. This criterion is considered as one of the most important and commonly used criteria that are employed to define small businesses. This criterion is more effective for comparison and it is more stable compared with other criteria. The adoption of the number of workers as a criterion will facilitate the process of obtaining necessary information, analyzing the same and concluding results that enable

researchers and officials to conclude recommendations and adopt appropriate resolutions to promote these industries (Allub, 2003).

On the other hand, Egyptian law provides that the number of workers must not be more than 50 workers. We believe this percentage is suitable as it includes industries that employ a small number of workers (that may be less than 10 workers). This sector has not been regulated and it is comprised mostly by workshops and vocational workers. The Egyptian legislature has also adopted a capital criterion. Despite the employment of this criterion in many developed and developing countries, it fluctuates, and greatly differs from one country to another. However, this criterion is still generally accepted and adopted by many countries (Farhan, 2006).

Some believe that the small business is the company or the establishment that is financed and managed by its own owners and is based on a small number of workers. Further, it is characterized by specialism, consists of basic administrative units, is undeveloped, and forms a small part of the production sector wherein it is engaged. It provides services to the region where it exists, such as petrol station, bakery, supermarket or workshop (Almansoor, and Haddad, 2000).

Abu Almaaty (1992) defined SBs as those that depend on manual work assisted by some simple equipment. The worker is engaged in this project either for his own account or on behalf of third parties. The number of workers, however, should not be more than 50. Abdulhamid (2002) took a different view, suggesting that an SB has

fewer than 100 workers, is owned and managed by the owner, and is of limited size within the relevant industry.

Small businesses are defined as "an investment oriented to specific production in order to realize profitable revenues for the owner and beneficial return to the community. It is characterized by low investment capital and simple technology is employed" (Haikel, 2003).

The previous definition does not depend on quantitative criteria such as the number of workers or size of capital; rather it depends on the descriptive aspect and is therefore an indeterminate definition.

Abo Naem defined a small business as one that is independently owned and operated and not dominant in its field of operations (Abo Naem, 2002).

The European Commission has established three criteria for defining a project type. These criteria are (Abdulhamid, 2002):

- a) Number of employees in the project.
- b) Rate of return of the project.
- c) The financial position of the project.

Some people have used subjective criteria to decide whether the business is small or not. The most common criteria are (Al Najjar, and Al Ali, 2006):

Small Business Definition & financing sources

- 1- Necessary finance for the project is undertaken by one person or small group of partners. The managers of the small businesses are often independent and it is usually the manager who is the owner and the workers may be of one family.
- 2- Operations are conducted within a specific geographic area, except for marketing operations.
- 3- The size of the business is relatively small within the industry to which it belongs compared with other establishments within the same industrial field.
- 4- Small degree of automation and employment distribution.
- 5- Continuous work throughout the days of the year, and therefore the business is not seasonal or interrupted.
- 6- The growth of the business depends on the internal sources of capital finance and is not subject to external control.

Accordingly, a project can be medium, small or micro as shown in the following table:

Table 2.1 Criteria for Defining Project Type

Type of project	No. of employees	Rate of return	Financial position
Medium projects	< 250 employees	< 50 m. euro	< 43 m. euro
Small projects	<50 employees	<10 m. euro	< 10 m. euro
Micro project	< 10 employees	< 2 m. euro	< 2 m. euro

Source: Abdulhamid (2002)

Some have defined small businesses in accordance with the number of staff criterion. However, we have many definitions according to different countries. For example, in Germany, Ireland and Belgium the small business is that which employs up to 49 workers (Abou Diyab, 2003). In brief, the definition of SBs differs according to the country and the phase of development it witnesses, the type of industry and the different criteria employed (Abdulqader, 1999).

Having discussed the previous definitions of small business, it can be stated that while it is easy to describe small businesses, it is difficult to define the same satisfactorily on the international and territorial levels. This is due to differences of social and economic structure from one country to another, and therefore, the definition of small business will remain variant. However, specialists believe that there are two techniques that may be employed. The first technique depends on the descriptive characteristics that indicate the basic differences between different sizes of projects, such as type of management, ownership and productive level that are employed. The second technique is adopting quantitative criteria, such as labor force and capital as previously discussed.

We can conclude that we can define small businesses in a way that is suitable for the State of Kuwait based on the resolution of the Minister of Commerce & Industry No. 17/2000 and the classification made by the Public Authority for Industry of such businesses as "An enterprise having an independent ownership and management that is working within a local market with limited productive capacity and with small capital

ranging between KD50,000 and KD 250,000 and having a number of workers of not more than 40".

2.3 Reasons for Establishing a Defined Concept for Small Business (SBs):

There is a need for establishing a defined clear concept for small projects, some of which are (Alnajar, 1999, Alshabrawy, 1999):

1. Updating the levels on which the small project concept was based:

Continuous changes in prices and level of production are considered important factors necessitating the updating of thresholds for defining small businesses, especially the financial limits.

2. To promote micro enterprises:

Encouraging the establishment of small business is considered a strong factor in the initiation and growth of micro projects. Therefore, a clear definition of small projects will help in solving the problems that face the development of micro projects, especially in their early stages.

3. To improve access to capital:

Adequate financing of small business is one of the major problems facing them in the early stages of their establishment. That is because of their inability to present sufficient collateral to the financing bodies. Therefore, establishing a clear defined concept will contribute in overcoming this problem.

4. To promote innovation and improve access:

Many grants presented by universities and research and development institutions are directed mainly to the owners of small business. Therefore,

these projects can become important sources of new ideas.

5. To take account of different relationships between enterprises:

Establishing a new concept for small business will help to improve the mutual relationships among different small businesses. This is because the new concept takes into account supporting only the important projects.

Therefore, it becomes possible to improve the integration between different projects.

The following Tables (2.2, 2.3) show the criteria that have been used by international bodies and the Gulf States for defining small business.

Table 2.2 Criteria used by some international bodies for defining small business

Body	Project	Criteria
World Bank	Small	Fixed capital (without land) Not more than \$250,000
UNIDO (developing countries)	Micro	Less than 5 employees
	Small	5 to 19 employees
	Medium	20 to 99 employees
	Large	100 employees and more
UNIDO (industrial countries)	Small	Less than 99 employees
	Medium	100 to 499 employees
	Large	500 employees and more

Source: Goic (2004)

Table 2.3 Criteria used in the Gulf States for defining small business

Body	Project	Criteria
Bahrain (Development Bank)	Small	Capital assets not more than 200,000 Bahraini Dinar (DB)
	Medium	Capital assets not more than 10m DB
	Large	Capital assets more than 10m DB
Bahrain (SME Unit)	Small	Investments from \$500,000 to \$1m.
	Medium	Investments from \$1m to \$5.5m.
	Large	Investments more than \$5.5m.
Kingdom of Saudi Arabia (Jeddah Chamber of Commerce)	Small	Investments less than 3.75 m. SR Employees less than 30
	Medium	Investments from 3.75m to 20.6m SR Employees from 30 to 60
	Large	Investments more than 20.6m SR Employees more than 60
Kingdom of Saudi Arabia (Saudi Consultation Services)	Small	Investments less than 10m SR
	Medium	Investments from 10m to 100m. SR
	Large	Investments more than 100m SR
Kingdom of Saudi Arabia (National Development Fund)	Small	Investments from 1m to 5m SR
	Medium	Investments from 5m to 50m SR
	Large	Investments more than 50m SR
Qatar (Ministry of Energy and Industry)	Small	Investments from 250,000 to 5m QR

Small Business Definition & financing sources

	Medium	Investments from 5m to 20m QR
	Large	Investments more than 20m QR
Qatar (Qatar Development Bank)	Small	Investments less than 1.5m QR
	Mediu	Investments from 1.5m to 10m QR
	Large	Investments more than 10m QR
Kuwait (Chamber of Industry and Commerce)	Small	Employees less than 10
	Mediu	Employees from 10 to 50
	Large	Employees more than 50
Kuwait (Public Authority for Industry)	Small	Employees less than 40 The Capital from 50,000 to 250,000 DK
	Large	Employees more than 40 The Capital more than 250,000 DK
Oman (Youth Projects Development Fund)	Small	Investments less than 50,000 OR.
	Mediu	Investments from 50,000 to 100,000 OR.
	Large	Investments more than 100,000 OR.
Oman (Ministry of Industry and Commerce)	Small	Employees from 1 to 9
	Mediu	Employees from 10 to 99
	Large	Employees more than 100

Source: Public Authority for Industry, Kuwait (2006).

Table 2.4 the size of small businesses in different countries

Country	Small businesses
USA	5-200 workers
United Kingdom	5-100 workers
Italy	1-10 workers
European community	10-99 workers
Latin America and Middle East	5-49 workers
Japan	Less than 300 workers
India	Less than 100 workers and it is not supplied with electrical machines Less than 500 workers and is supplied with electrical machines
Malaysia	Less than 50 workers
Singapore	Less than 100 workers

Source: Al Najaar, Jordan (2001)

2.4 The Most Important Aspects Distinguishing Small Business

There is no doubt that these projects have their own role in constructing the national economy. Their importance is reflected via the utilization of potentialities and capabilities as well as promotion of experiences and skills that are considered as important sources of the developmental process. Small businesses have specific characteristics that distinguish these projects from other projects. Some of these characteristics are negative while others are positive. However, the negative aspects of each project are not due to the projects itself; rather it is linked with the problems

of these small businesses. These characteristics may be totaled as follows (Moqabala and Al Mahrook, 2006):

- 1- Individuals mostly own small businesses. Therefore, the management is closely related to the ownership. Hence, it is possible that the manager is the owner of the small business and he controls the management, planning, coordination, supervision, sale, purchase, maintenance and accounts at the same time (Abdulghani, 2003).

This is a feature of small projects, but we believe it is not without some flaws that the most important decisions in these projects will often be subject to one leader. It may be difficult to give up on decisions taken, the manager may not actually improve the leadership of the people and direct them competently, and they may not have the capability for creativity and innovation. Therefore, we believe that the owner of a small project may not possess certain qualities such as decision-making capacity, the ability to take the risk, the ability to plan for business, the ability to lead people and direct them, and the capacity for innovation and creativity.

- 2- Small businesses are characterized by a positive impact on local commerce as they usually employ local raw materials (Mohammed, 2009).
- 3- The most prominent feature of small businesses is the distinguished role of women. These projects attract a considerable percentage of women, whether they are owners of the project or workers therein. However, the percentage of the participation of women from one sector to another or from one territory to another is variant (ILO, 2004).

This feature cannot always be accepted, especially in societies that still do not recognize women's right to work, or limit the work of women in some areas such as teaching or nursing.

- 4- Small businesses are distinguished by their flexibility compared with major projects having huge investment and fixed capital. In this respect, small businesses can adapt themselves to the circumstances and changes in the economy. Further, small businesses have the ability to easily change their lines of production to keep pace with the needs of the local or international market. This adaptability is not available to major projects, as such adaptability for major projects is costly, as for example in what happened when refreshment companies replaced glass bottles with plastic ones (Al Bahisi, 2006).
- 5- Small businesses are distinguished by wide geographical spread, i.e. it covers different regions and involves a great number of the population due to low costs of incorporation on one hand and limited production on the other hand. The consumers are mostly from the population of the territory where the small businesses is established and consequently more of these projects are established to cater for the requirements of the local community (Al Sraj, 2007).

We may note from the above that some of the characteristics of small projects are negative and some are positive, but the negative aspects of these projects are not intrinsic to the projects themselves but are linked to the problems faced.

In addition SBs are characterized by several aspects that distinguish them from major projects. Further, they are characterized by a number of particular advantages, which can be explained as follows (Abdulhamid, 2003, Omar, 2007):

- 1- Intermediary relationships between managers, workers, clients and suppliers.
- 2- Relative specialization in the management.
- 3- Close marketing integration to obtain their needs.
- 4- Reliance on local suppliers to obtain their needs.
- 5- Small capital.
- 6- Small credit ability.
- 7- Likelihood of growth and expansion.
- 8- Likelihood of developing manpower.
- 9- Reliance on the manner of finance.
- 10- More flexibility to change activity.
- 11- Work within local community.
- 12- Direct relationships with customers.

Zhang (2000) determined six essential characteristics for small business:

- 1- High dependence on the owner (always)
- 2- Easy to start up.
- 3- Operating with the owners self-collected capital.
- 4- Simple structure of management.
- 5- Full of innovation.
- 6- Easily affected by the environment.

There are also fundamental characteristics of the administrative posts in the SB (Ahmed, 1999).

1- Planning function:

- Focus on short term planning as the potentialities rarely provide for the risks and costs of long term planning.
- The ability to make quick decisions.
- Relatively restricted ability to meet urgent unexpected events.

2- Organizational function:

- Small size of the organizational structure, which comprises 3-4 organizational levels.
- The scope of supervision is relatively limited.
- Managers shouldering a greater direct administrative responsibility compared with their peers in the major projects.
- Centralized decision-making.

3- Direction function:

- Easy communication due to short communication lines and their limited number, so that instructions are clearly received.
- Dependence on personal contact in dealing with employees.

4- Control function:

- Easy control and follow up of business on timely basis.
- Ability to take corrective action quickly.

Table 2.5 Characteristics of small and major business

Major business	Small business
<ul style="list-style-type: none">• The institutional representation is strong and clear.• They are closely connected with decision makers.• They are based on complex legal works.• Efforts are focused on the middle and higher strata as well as export markets.• Provisions are made for general economic policy fluctuations (interest rate, exchange rate, commercial exchange systems and ratios, etc.)• They control official credit markets.	<ul style="list-style-type: none">• The institutional representation is weak.• It lacks closeness to decision makers.• It is based on individual ownership.• Efforts are concentrated on lower strata and its local geographical markets.• Provisions are made for local economic environment elements (licenses, western policy management, geographical distribution etc.)• It depends on unofficial credit markets only.

Source: Private sector development in Egypt: the State and Challenges (World Bank Report, 1994).

2.5 Importance of the Small Business

SBs importance can be distinguished compared with other activities and projects due to the following reasons:

- SBs and handcraft activities have greater ability to provide more job opportunities compared with major factories and projects. This is confirmed by the fact that small businesses represent 90% of the total number of businesses in the developed countries. Further they provide 40% of total job opportunities. In developing countries, small businesses provide 60-80% of job opportunities

(Alnajjar, 1999). It has been scientifically established that small and medium projects are the nerve of the economy of different countries of the world. In this respect they represent 90% of the number of projects and contribute by about 85% of total growth of domestic product (Assisi, 2009).

- They have the ability to spread quickly to any place, as they depend on relatively less capital and investment. Further, their requirements are less with regard to infrastructure. Therefore SBs are a main tool for achieving structural balance in economic activities, and geographical and regional balance of development.
- Most small businesses depend on local resources, especially raw materials that are available in the vicinity, due to their suitable prices and low cost labour (Alshabrawy, 1999).
- SBs have the ability to create capital accumulation, which represents one of the governing problems of development. Further it attracts minor savings and investments from those who wish to join the economic field as project owners and major businessmen, within the framework of an economic and social system that has a positive impact on the support of development (Abu Almaty, 1992).
- SBs have limited costs for training as they mainly depend on on-the-job training. Further, they employ simple technical and administrative methods and systems. Therefore they are very suitable for engaging labour and providing job opportunities for graduates (Abullkalek, 1999).
- Small factories have the capability for development, renewal, flexibility and adaptation to market variables. Further, they are able to take quick decisions on time, without the multiple administrative levels and the complexity of the technical and administrative systems adopted by large factories (Alshiek, 1995).

- SBs have managed to spread to rural areas, where they utilize local resources and materials. Therefore, they have contributed to national development and the conversion from agricultural land to productive units that export surplus production. Furthermore, they have reduced immigration from rural to urban societies, and assisted in the creation of new productive societies in remote areas (Abu Almaaty, 1992).
- SBs play an important role in the economy of many developed and developing countries. Small business, for example, contributed to the employment of 79.2% of the labour force in Japan in 1991. Further, such projects contributed to the employment of 80% of the labor force in India in 1985. Moreover they contributed to the gross domestic product of both countries. SBs contribution to the gross domestic product of Japan was 52% in 1980, while this contribution in India was 35% in 1990 (Nahed, 1995). Even in the developed market economies small enterprises account for a large share in output and employment (UNECE, 2003).

2.6 Economic and Social Importance of Small Business

Recently small businesses have become the point of attraction and attention on the global level due to job opportunities and income improvement as well as development promotion provided on the individual and group levels. Therefore, all government and non-government authorities as well as the private sector are endeavoring to provide the infrastructure for small businesses so that it may grow and flourish (Affana and Abou Eid, 2004).

SBs have played an important role in pushing advancement forward in many economies that are currently considered developed. Further, they are still playing a major role, albeit with a difference in the nature of this role and its relative weight. Therefore, it is not fair to consider these businesses as one phase of development of these economies; rather, they still play an important role. For example SBs – according to the Japanese definition - represent about 99% of all industries in the Japanese economy. They produce 55% of the total value of manufactured articles and accommodate about 80% of the total number of the labor force, excluding primary industry, such as agriculture, supplementary industries and the like (Abdulkhaliq, 1999). It should be noted that the role that may be played by SBs in the economic development process differs from one country to another according to the phase of manufacturing attained by each in the development process. Therefore the economic position enjoyed by SBs in the development process greatly differs between the countries that have a strong economic position and the developing countries (Alshiek, 1995).

The creation of small business is considered essential for the establishment of a solid industrial base (Dickson and Weaver, 2008, Smallbone et al., 2010, Arando et al., 2009). The importance of Small Scale Industry (SSI) increases with regard to the developing countries due to the nature of the economic phase they witness, and the many economic problems they suffer, the most important of which are non-availability of foreign currency, dependence on the import of machinery, equipment and systems and different forms of unemployment. The importance of these industries is reflected in the experiences of the Asian "tiger" countries, where these industries played an essential role in accommodating the labor force and increasing the size of exports.

In India SBs contributed to total exports of 1991-1992 by 55%. Their products were introduced within the framework of the export structure directly as final products or indirectly as production requirements and spare parts for some products used in major industries, intended for export. Furthermore, small and medium businesses contributed by 42.1% of total exports in South Korea in 1990 (Enaba, 1995).

Scott (1991) has summarized the benefits of SBs to the national economy as follows:

1. They present numerous advantages to large projects. That is because they are close to them, flexible and have fast response to their needs.
2. They perform numerous important functions through their mutual contracts.
3. They play an important role in enhancing the export capabilities of the country, and reducing imported commodities.
4. SBs are considered an important cell for generating innovative ideas for initiating large projects that depend on their outputs of products and services.
5. SBs are characterized by their locality. Therefore, they serve the people in their areas, and hence play an important role in balancing forces in the society, especially between rural and urban societies.
6. SBs are considered an important source for satisfaction of individual needs, such as the need for appreciation and self esteem, through the feeling of ownership, especially as they do not need large capital to start their activities.

From the above mentioned we could conclude that SBs play an important and effective role in different economies. We believe that they play a vital and effective role in the national economy, particularly under the new international economic changes, as they have advantages that are not available to large businesses and which can be easily provided in the developing economies.

We can discuss some of these advantages of SBs in detail as follows (Alnajar, 1999, Mustafa, 2000).

1- Development of exports:

This role represents one of the main axes of the new policy approach of encouraging investment in SBs. One of the vital problems faced by developing economies is the steadily increasing great deficit in the trade balance. Therefore it is necessary to maximize net revenues of exports resulting from investments. In this respect, the support and development of SBs plays an important role, due to the flexibility of these industries related to the small size of the invested funds. Therefore, SBs have greater ability to meet the needs of export markets and to gain external markets for their products. They can support export fields, and save traditional fields, particularly if standards have been adopted to increase the level of their products on a competitive basis. Their products may find their way to international markets under the implementation of World Trade Organization (WTO) agreements.

Therefore, it can be stated that small businesses have a positive role in the development of exports, expanding the export of industrial products and increasing investment flows with the participation of small and medium size companies. These enterprises are the best means to face the challenges imposed by a world economy that

is basically dependent on the products of major companies. The experiments of several countries show the success of the development and promotion of their economies from these type of enterprises.

2- The employment of simple technology:

SBs employ simple and easy technology, rather than complex technology. This technology is characterized by lower costs, which is an essential element, particularly under the implementation of the intellectual property rights agreement within the framework of WTO. Further, it requires little training, which enables the national workforce to learn and adapt to it easily and within a very short period. Therefore, it is more suitable for the circumstances of the developing countries.

It is worth mentioning that it has been noted during the last decades of the last century that there was considerable transformation arising from scientific and technological advances. But we believe that most small businesses do not use technology, where these projects are weak in terms of its development and expansion, due to the neglect of research and development and lack of conviction of its importance and necessity.

3- Variance of the industrial structure:

SBs can effectively contribute in the field of distributing the industrial structure. When demand on some products is limited, it is necessary to produce some components and inputs of the major industries in small quantities. Therefore, SBs will become the means for achieving this role. This type of spread and growth of the SBs will contribute to the stability and reinforcement of both small and major industries.

4- Sector integration:

SBs contribute to the integration among different economic sectors through the links created by these industries with other sectors. Further, such links that exist inside the same sector, particularly inside the industrial sector, via feeding projects and supplementary ones form the ideal structure of a modern industrial sector that is characterized by diversification and productive integration, the existence of major industries, and a great number of SBs that provide the large industries with production requirements and contributes to the completion of their manufacturing. In fact, this integration has the advantage that it makes economic development and growth comprehensive, and so it can stand international competition under the implementation of the World Trade Organization agreements.

5- Territorial Integration:

SBs are characterized by ease of establishment, as they can be set up in different areas, either in the country or in the urban communities. Such spread achieves several advantages, the most important of which are the achievement of balanced territorial development and elimination of the development of some regions at the expense of others. Further, this integration contributes to the achievement of economic balance and it restricts migration from rural to urban communities. Furthermore this territorial spread assists in the effective utilization of local resources (Rasha, 2001).

6- Low level of project capital and its investment cost:

In general, developing countries suffer from lack of financial resources and multiple uses of such limited resources. Since the investment costs of SBs are low, they suit the investment ability of such countries.

7- Providing job opportunities and absorbing unemployment surplus:

SBs can play an effective role in this field as the lower investment cost required creates job opportunities. This is considered as a necessary feature that suits the

circumstances of the developing countries, which suffer from both, direct and indirect unemployment, in return for a limited amount of investment.

8- Creation of human cadres and organizational experience:

SBs facilitate creation of a skilled, trained labour force through the opportunity to gain expertise and skills that can be transferred to other activities. Further, they create important human cadres to manage small business. It also offers a route to expanding the base for creating a stratum of organizers who are able to make decisions. SBs moreover, are considered as an important source of new ideas and innovations, which the stratum of organizers adopt leading to the creation of new products.

9- Mobilization of savings and effective employment of the same in production:

It is well known that cash constitutes a burden on the economy and it creates inflation pressure as, if these funds are not utilized, the economy will be deprived of an important source of income. SBs are considered as an attractive channel for minor savers, due to the fact that they require relatively little capital. Consequently, investors can utilize their funds more productively in such businesses. The spread of these businesses consequently means an expansion of the ownership base.

10- Utilization of local resources:

SBs greatly depend on local raw materials. Therefore, they increase added value and provide an easy flow of inputs. Further they limit imports and can benefit from the surplus of some major industries, enabling these resources to be productively utilized within the national economy.

11- Maintaining national character of some industries:

Many SBs can have major importance in maintaining the national character of some industries and activities, such as textiles, leather and furniture, and other activities that have a competitive character in the international market. This will maximize the

value of national exports and help in achieving the condition of quality under the World Trade Organization agreements.

It is concluded that SBs play an essential role in various economies, in many aspects. This role is not less important than that of major industries. Further their role increases in the developing countries in particular, due to their advantages and characteristics, which suit the economic, social and technological circumstances of the developing countries.

However it is necessary to clarify some points that must be taken into account when dealing with this type of businesses.

- SBs are not necessarily of a lower technical level than the major industries. Indeed they may employ the same level of technology in order to maintain the standard and quality of production. However this is done on a small scale and with less cost. Therefore the technology employed must suit such industries.
- SBs are integrated with major industries but are not a substitute for them.
- Despite the fact that SBs suffer from a small surplus due to their lower productive capabilities and size of production, yet they can benefit from another type of surplus, namely, surplus collection which means the surplus resulting from the existence of different fundamental elements of modern industry in a specific area. The collection of SBs in the form of sets of industrial gatherings enable them to adopt indivisible technologies and consequently keep pace with developments that are necessary for improving the type of production and raising the efficiency of these projects.

It may be concluded from the aforementioned that small businesses play an important role in the achievement of economic and social development. Its role may be summarized in attaining economic development, including but not limited to the following (Abou Ziyab, 2003):

- 1- To attract and direct savings to investment and production for increased income.
- 2- To reduce the percentage of unemployment.
- 3- To provide foreign cash either via producing goods that may be exported or via producing substitute goods for imports.
- 4- To create an added value for the national products and wealth.
- 5- To create other investment opportunities for these businesses
- 6- It constitutes the solid ground for the national economy against negative impact and setbacks, such as inflation and recession due to the fact that economic fluctuations have limited impact on the same.
- 7- It plays an important role in the correlation among industries, i.e. it has some productive stages within the manufacture of some parts of machines that are required for major industries.

The important role of small business in the social development may be summarized as follows:-

- 1- It increases the percentage of local participation in the national economy. In this regard, small businesses expand the base of ownership and the distribution of wealth via directing savings to production instead of consumption.

- 2- Ideal employment of human resources. In this regard, small businesses are considered as the basis of the investment of this potentiality and the development of their creative skills. Further, it directs the same to serve the objectives of the community and the nation.
- 3- Realizing social stability: small businesses have an effective role in the realization of social stability for the community as a whole. It contributes in the creation of many job opportunities in a manner that satisfies the needs of the individual and guarantees the increase of his income to realize sufficiency for the individual and his family. Further, small businesses have an effective role in realizing social stability via limiting internal and external migration. Furthermore, it contributes in the promotion of personal relations within the community.

2.7 Project Financing Sources

Finance is one of most important requirements for the development of small business. Like the rest of the requirements such as legal, marketing and administrative requirements (Egyptian Banking Institute, 2007), the lack of funding is one of the biggest challenges of starting and operating a business (Hormozi, Sutton, McMinn and Lucio, 2002).

There is no doubt that no one can deny the importance of the sources of finance that must be available upon initiating the establishment of any project and it cannot be denied that the finance problem is one of the most important obstacles before small businesses in the developing countries that have fragile and unstable economies. There are two types of finance (Mahmoud, 2005):

- (a) Self finance: it is often that financing is made from the personnel savings of the project owner, or he may resort to some friends and relatives and join them as partners, or the project may be expanded from its profits. In most cases, this finance is not sufficient to establish the project and consequently many persons who have personnel and family savings are reluctant to establish such projects.
- (b) External finance: referring to the roles of commercial banks or financial institutions. This is considered as one of the most important sources to finance these projects. It is noticeable that small and medium projects resort to foreign sources of finance to promote its steadily increasing activities. In other words, the owner of the project may have a loan from a commercial bank or from any financial specialist institution similar to shareholding companies.

Projects generally and small projects in particular begin with individuals' personal savings or loans acquired by the project owners, guaranteed by their houses or any other tangible property. Small project owners, like any project owners, aim to make the right financing decision which increases the value of the firm, and to do as they need to become familiar with the available sources of financing with different deferment terms (long , medium , and short-term) and the nature of each.

Many small businesses put forward business plans for project financing sources, but many small businesses do not fully understand the role that the business plan can play in helping them to develop their business and maximize their resources (Hughes

and Weller, 2010). Kristiansen, Furuhot and Wahid (2003) found that financial flexibility was significantly correlated to business success.

2.7.1 Short term finance

Short term finance is what usually covers less than a year. It plays a major role in satisfying project financing needs. Short term financing has advantages, such as the ease of acquiring it as the risks are less than with medium and long-term loans. In addition it is easier to acquire money from other sources, and payment is flexible if the funds are not needed. A project can acquire short-term financing from several sources as outlined below:

2.7.1.1 Commercial credit

This refers to commercial debts given by suppliers to their clients from commercial institutions and arising from the sale of goods and services (Nabil 1996). Commercial credit is considered one of the most important short-term financing sources for small projects that cannot pay to suppliers in cash (Al Motawaa 1987). Commercial credit decreases the additional burdens resulted from buying on credit, because deferred payment deprives the firm of the possibility of decreasing a specific ratio of the price at cash payment, which is called instant payment discount (Atif 1984). Commercial credit can be acquired very easily and is considered the easiest and simplest means to acquire money, as suppliers desire to encourage clients to buy.

2.7.1.2 Banking credit

This is considered the second important source of short-term financing after commercial credit. It has been observed that many firms rely on self-financing sources during the inactive business periods, and borrow only in very active business periods

(Nabil 1996). This kind of finance is distinguished from commercial credit by being done in the form of cash to be used for various purposes. Banking credit may cost less than commercial credit (Ebaid, 1998).

Short-term credit can be secured or unsecured. In the case of secured short-term credit the firm mortgages a proportion of its assets in exchange for acquiring a short-term loan. The bank resorts to the mortgaged assets in case of default on payment.

In the case of unsecured short-term credit, the firm acquires the loan without needing to mortgage any of its assets to the bank, where in such transactions the bank depends on the firm's good will and credit-worthiness. The bank decides on the borrower's credit through checking:

- The manager's image amongst business executives and employees.
- The manager's personal reputation amongst those who deal with him, especially credit suppliers.
- The business's past record with other credit suppliers, if any, as well as with the bank itself.
- The business capital gearing, i.e. the relationship between its equity capital and debts.
- Whether the business is financially sound in the areas of profitability and turnover.

2.7.1.3 Advance payments

Some firms acquire finance through obligating clients to make advance payments with the purchase order, in the form of advance cash payments immediately after contraction and before receiving the ordered goods, in a period of time which may

be shorter or longer according to the nature of the business. Advance payment is more used as a source of finance in the case of special orders, or ordering goods in advance when there is a decrease in the market supply, in which case an advance payment is made at contraction. This phenomenon appears in the construction and accessories business. Advance payment is considered the cheapest source of financing of all, as it adds no cost for using the money (Nabil 1996).

2.7.1.4 Liabilities

Firms pay salaries and wages to employees at the end of a specific period of time, for example a week or a month, and although the work is performed by employees on a daily basis, the firm does not pay them their earned wages until the specified time. Such liabilities are one of the short-term financing sources that projects have automatically and gratuitously. Similarly taxes on earned revenues are due from the moment revenues are earned but they are not paid until a specific time, and this and other required expenditures are considered a form of short-term finance. They cost nothing and add no interest.

2.7.2. Medium term finance

This extends to more than a year, but there is disagreement about the maximum due date of this finance. Some think it extends to five years, while others think it extends to fifteen years. Shaker (1996) thinks that if we must specify a maximum due date for the medium-term finance then it should be done according to the longest period of medium-term finance forms, such as medium-term bank loans, insurance company loans, machinery installment payment and lease financing. Since life insurance

companies offer loans that are due in fifteen years, medium-term finance should not extend to longer than fifteen years.

Some of the most important sources of medium-term finance are outlined below.

2.7.2.1 Medium-term bank loans

These are loans provided by commercial banks and other financial institutions to their clients, extending to ten years, and rarely longer, to be paid in equal or variable installments. Such loans are secured by the guarantee of the borrowing firm's assets. In addition banks might make these loans conditional on the working capital being kept at a specific level and paying dividends on profits within specified limits (Al Motawaa 1987). Because of the increased risks of default owing to the longer period of the loan (the relationship between the period of the loan and the risk is positive) banks usually set criteria for giving loans out, including:

- The client's reputation, revenue achievement, and likelihood of the success of the project the loan is made for.
- The mean profit made yearly through the period of the loan (Ebaid 1997).
- The client presentation of an account statement that shows the movement of his account during a specific period.
- Medium-term loan contracts usually include a gradual payment condition that forces the borrower to use earned profits in payment, and restricts the reinvestment of profits in other fields that may inhibit the payment of the loan installments.

2.7.2.2 Buying equipment and machinery by installments

Projects satisfy their needs for equipment and machines through buying them by installments. Usually the seller retains ownership until the price is fully discharged.

Also the seller is entitled to repossess the goods if the buyer fails to comply with the conditions of payment agreed on before. Sources of finance for buying equipment by installments might be commercial banks, financing companies, or producers themselves. Generally, borrowing firms do not resort to financing companies unless they can not obtain the loans from commercial banks, because of the high interest rate of the financing companies (Nabil 1996).

2.7.2.3 Assets renting finance

This is done through renting some of the assets used in production, without need to buy or own them (Mokhtar 1984). Renting is a substitute for buying fixed assets (such as machinery, or equipment) as such items need maintenance and can be costly for the firm. In addition, when the fixed assets are resold later, they will have depreciated in value. Nabil (1996) defines renting in general as the firm's possibility of using others' assets for a specific period of time in exchange for a rental value for the benefit the renter makes.

This makes renting assets a reasonable and reliable source of financing alongside other financing sources.

There are two types of renting

- Operating lease: a rent that covers a specific period of time and afterwards the ownership reverts to the owner.
- Ownership lease: the renter makes use of the assets for a specific period of time with a promise to own the rented assets at the end of this period.

This kind of lease is widespread in the Kuwaiti market, especially in car leases, for a period of time of usually a year to five years. At the end of the period contracted for, and after payment of all rental expenses, the renter takes ownership of the car.

2.7.3. Long-term finance

There are several long-term financing sources from which projects can acquire money.

2.7.3.1 Equity capital

Capital is the basic financing source in the beginning of firm's life, and it is the most important long-term financing source, whether for an individual or a company project. The capital of a business consists of equal shares called "common stocks" which represent ownership statements for their holders. These shares are put to subscription as common companies, or to be subscribed for private limited companies (al Najjar 1999).

The common stock holder has rights such as:

- Voting rights.
- Priority to buy new stocks, and increase capital.
- Commissioning rights.
- The right to be a candidate for apposition at the board of management.
- The right to review the books.
- The right to have income dividends'.

Self- finance

This refers to dividends and arrears made by the firm; in other words the money resulting from the firm's operations. Internal financing is one of the most important

financing sources for the firm. Profits held after dividing profits to shareholders appear as retained earnings in the balance sheet (Ebaid, 1998).

Dividends in arrears means cutting off some of the firm's yearly profits. There are legal dividends in arrears imposed by legislation and the monetary policy of the firm, and there are optional dividends in arrears assigned by the managers of the firm to hedge against other financing problems the firm might face.

The money resulting from the firm's operations is an important source of long-term financing, because of the increasing need and desire to avoiding external financing, because of its high cost, or to compensate for shortage in the future profits of the project (Al Motawaa 1987).

2.7.3.2 Preferred stocks

These are ownership rights of the firm's capital, which give holders the right to have a percentage of the firm's profits (Ramadan, Tourky, Muhammad, 2006). Preferred stocks do not differ from common stocks in that both of their holders have the right to own part of the firm's property, proportionate to their shareholding, but the preferred stocks' holders receive the right to have dividends if the firm has made enough profits to cover them. The preferred stock holder has the priority to have all of his rights when the firm is liquidated.

Preferred stocks are a mix between common stocks and debt. They are similar to the first because they are part of the capital, and similar to the second because they are

considered a liability on the firm, due in the case of making profits (Nabil 1996).

Preferred stocks have these characteristics (Al Hawwary 1982).

- Preferred stocks share in the profits (after satisfying the fixed ratio) with the common stocks in the firm's profits, and preferred stocks do not otherwise share in profits with common stocks.
- There are cumulative and non-cumulative preferred stocks. The first are shares that have the right to have its dividends complete in the next year if profits in the current year are not enough to cover its specified ratio.
- Convertible preferred stocks are preferred stocks that can be converted into common stocks and give the firm the flexibility to deal with burdens.

2.7.3.3 Bonds

Bonds are a part of long-term finance. Usually firms that resort to long-term borrowing are in need of it (Al Hajeri 1999). As bonds are statements that represent proportions of debt, issued by the borrowing firm, the bond holder has the right to have a fixed ratio of face value, as well as to receive the basic value of the bond at the end of a specified period of time. Bonds are mostly issued for periods of 20 to 30 years (Nabil 1996). Bonds are mostly declared and put to subscription, so they are sold to different kinds of investors. Therefore, bonds are issued of many kinds, to satisfy those investor's desires and preferences.

Bonds have characteristics that differentiate them from stocks, summarized as follows (Al Hajeri, 1999):

1. Bond holders are considered debtors of the firm, while stock holders are considered owners.

2. Bond holders receive a fixed interest ratio, while stock holders receive profits according to the recommendation of the general association. Therefore revenues on stocks are not fixed.
3. Bonds are predated to end at a specific period of time, and the firm has to pay back the basic value of his bond at the end of this time, while stocks are not dated to a specific period of time.
4. The bond holders' rights with other debtors are prioritized to be paid first by the firm, before payment of any dividends to stock holders, and some firms may offer their assets as a guarantee of some bonds' rights.
5. Bond holders do not have the right to vote, or to be candidates for the Board of Directors, while stock holders have such rights.

Types of bonds

There are many types, of which we mention the best- known (Al Hajeri 1999):

a) Treasury stocks

These are divided into two types:

i) Treasury notes

This is a note on the State's treasury with which it borrows money from individuals or private institutions. The government pays interest on that bond, in addition to its value at maturity date. This kind of bond is issued for long periods, extending from one to ten years.

ii) Treasury bonds

These are bonds issued by the government in order to acquire money. It pays interest on them. These bonds have the longest time before maturity as they extend from ten to thirty years.

b) Federal agency bonds

In addition to government bonds, there are a lot of federal agency bonds, which are issued to acquire money for housing, agriculture, and educational projects. There are specific agencies that can issue this kind of bond. Agency bonds can be of many kinds and be issued for various periods of time. The revenue on these bonds is greater than the revenue on treasury bonds, but they are more risky.

c) Municipal bonds

These have the same periods of time as treasury and agency bonds. They are issued by the local government or state when borrowing money is needed to fund projects in their area, such as roads, bridges, schools, and other projects. This kind of bond is sold by the local government general banks that issue such bonds, and then dealt through buying and selling by investors, just like any other kind of government bond.

d) Corporate bonds

These are issued by large corporations that need long-term borrowing. The bond holders are debtors of the corporation. The corporation promises to pay fixed periodic interest in addition to the value of the bond at maturity date. Revenue from corporate bonds is higher from than agency and treasury bonds.

e) International bonds

These have increased lately, and recently being issued in various countries with different currencies, and traded in the international bond market. The U.S.A. and Japan have large shares of international bonds. These bring higher revenues than other types of bonds, but are exposed to currency and political risks.

2.7.3.4 Long-term loans

These are loans given by banks or financial institutions that specialise in funding projects. This kind of loan extends to more than five years in order to fund new projects such as building factories (Ramadan, Tourky, and Muhammad 2006). A long term loan is a liability on the project, and interest on it is usually is higher than on short or medium-term loans (Al Motawaa 1987). In addition, it requires more guarantees than short and medium-term loans. Bonds are usually a substitute for loans. Instead of taking a loan from a bank or a financial institution, a firm prefers better to borrow from investors directly by issuing bonds to the value of the required loan (Saeed 1997).

Having explored the resources of finance of small businesses, it is noted that these businesses face several challenges and impediments when it desires to finance its projects, particularly from commercial banks. We will discuss this point in detail in the next chapter regarding the problems faced by this type of business, including financing problems.

2.8 Summary

In this chapter, definitions of small business have been introduced, although writers and officials in different countries and organizations cannot agree on a specific definition for small business. These differences are due to differences in size and development levels of countries, as well as in their economies, but all these definitions depend on specific criteria, which are number of workers, capital, size of production, volume of sales, type of customers, size of assets, and the level of administrative organization. However it is noticeable that the most commonly used criteria of definition are those which rely on the number of workers or the size of capital or both.

After that, the characteristics of small businesses have been discussed, and the importance of small businesses compared with other projects. In addition, the economic and social importance of small businesses, and their important role been emphasized.

We have seen that SBs can vary in characteristics and in the role they play in the economy. Whatever the differences however, SBs in many countries face similar problems and challenges which could undermine their success. These are reviewed in the next chapter.

CHAPTER THREE

Small Business Problems

3.1 Introduction:

The failure of small businesses leads to multiple negative consequences that extend to creditors who experience the loss of money lent to the project, along with business owners who continue to lose their wealth and savings due to the ill fated project, and workers who lose their jobs and the income that maintains the livelihood of their families. Consumers are also among the losers, since they are no longer able to purchase the item with the desired specification which meets their needs. Providers also lose an important outlet for the distribution of their products sold to small businesses, and the government also loses important tax revenue collected from such projects. Based on the above list of losers, it can be said that the loss incurred on the national income due to the failure of a small business includes the added value achieved by the project to different parties, including interest on loans provided, returns made by business owners, wages earned by workers, government taxes, and revenues by providers, among other losers. In view of the massive impact resulting from a failed small business, it becomes vital to investigate the causes and factors that might contribute to the ill fate of small businesses, so that recommendations can be made to help formulate effective programmes that could avoid a tragic end thus securing the survival of such projects that play a crucial role in the society on both the social and economic levels.

Because of the great importance attached to making small scale projects a success, the researcher has focused in this chapter on the barriers to these projects, to

aid identification and thus finding answers to them. Therefore, the chapter seeks to define the most difficult of these problems, the difficulties confronting small scale projects in general, some of which are financial, administrative, organizational, structural, legislative, or marketing-related ones. Such problems have been identified among the most frequently occurring cited in the Arab countries. The chapter looks finally at the contemporary challenges posed to small scale projects.

Small scale projects face problems, despite their great importance in terms of support provided to the national economy. It is noted that such projects confront barriers and challenges of a similar nature in most cases. These are administrative, organizational, funding and marketing-related ones. Arab countries should unite efforts to facilitate the role played by small scale projects in economic activity. This can be achieved through various channels, some of which are: marketing, funding, labor supply, information systems, etc. Such cooperation among Arab countries could strengthen deeper integration, which would form a solid base for an Arab Grouping capable of tackling the challenges posed by the 21st century, notably, the liberation of global trade, and more developed information systems.

More and more attention is directed to causes behind the success or failure of small scale projects, ever since the beginning of the 1980s, as they are the two faces of one coin. Results reached by many studies investigating this issue have been compiled to produce a guide, citing the prominent risks confronting small scale projects and threatening their success, along with potential failures to be avoided.

A more comprehensive picture emerges from a study by Sharon (1992), which sought to identify the 10 main risk factors threatening the success of small businesses from the view of four writers which are listed in the following table 3.1

Table 3.1 Key risk factors threatening small businesses

Sharon Nelton	W. Gibb Dyer
<ul style="list-style-type: none"> 1- Not knowing how to run or operate the business. 2- Poor running of business with others. 3- Lack of funds and poor management of available money. 4- Rapid growth out of control. 5- Deficient strategic thinking. 6- Lack of innovation. 7- No assistant owner/manager. 8- Deficient communication with the external environment. 9- Failure to identify strengths and weaknesses. 10- Not listening to criticism or benefiting from it. 	<ul style="list-style-type: none"> 1- Inability to think strategically. 2- Weak business network. 3- Failure to combine the project resources. 4- Weak ties with others. 5- Inability to handle pressures. 6- Imbalance in the organizer's life. 7- Failure to build work teams. 8- Lack of commitment and effort on the part of owner/manager. 9- Delay in carrying out certain actions. 10- Immoral or illegal behavior. 11- Poor expression of ideas and failure to convince others.
Harold P. Watson	Janet Harris Longe (female owners)
<ul style="list-style-type: none"> 1- Blaming external causes for the failure. 2- Poor planning. 3- Unavailability of needed information. 4- Poor guidance on the marketplace. 5- Lack of empowerment failure. 6- Multiple roles played by the organizer. 7- Inflexibility. 8- Desire for fancy living standards. 9- Lack of feedback information. 	<ul style="list-style-type: none"> 1- Shortage of capital. 2- Lack of trained labour. 3- Women's work not being taken seriously. 4- Insufficient information on female owners. 5- Poor handling of government legislature. 6- Difficulty of obtaining government contracts. 7- High cost of developing new technology. 8- Lack of skilled labour in the area of services. 9- Poor cash flow. 10- High costs of insurance.

10- Inability to keep pace with developments.	
---	--

Source: Sharon Nelton (1992)

It is evident from the factors already determined by the study and which threaten small businesses that it focuses on internal factors.

Table 3.2 Important causes of small scale project failures

Internal causes	External causes
• Poor managerial capability	• High interest rates
• Unsuitable and inefficient management	• Inflation and unemployment
• Imbalance of experience	• Taxes
• Lack of work experience	• Competition
• Negligence	• Government rules
• Fraud	
• Disasters	

Source: Preston (1997)

Here are the top mistakes that small businesses make (Hipkiss, 2010):

- 1- Costs too high. With grand ideas you take on lovely offices and staff, and then do not sell enough to cover all these costs.
- 2- Running out of cash. Of all the mistakes, this is probably the most frequent. Partly because it happens often, but mostly because people let it happen. This is because of a lack of understanding of the difference between profit and cash. If you understand the difference you will pay a lot of attention to cash. If you do not, you can be highly profitable on paper, but have no money in the bank to pay the rent

or your staff. Lots of people owe you money, but if they don't hand over the cash your business can go bust almost instantly. If times are hard, the danger of not being paid is far greater.

- 3- Lack of management controls. Two of the key things to control are costs and cash, but the quality of your service or product might also be something you are not keeping a close eye on. Stock levels or customer complaints can also be signals you might miss.
- 4- Funding problems. If you run out of cash, you'll be desperate for funding, and will find it's expensive or hard to get, because you've underestimated how much you will sell, or how much it will cost you to make the sale.
- 5- Loss of focus. This can happen where market opportunities present themselves, and you just grab them. Then, after a while, you realize your business isn't the business you set out to run.
- 6- Sales too low. This is another frequent problem, caused by over-optimism, poor or changing market conditions. Whatever the cause, the effect is the same – cash gets scarce, and funds may not cover all your costs.
- 7- Poor quality of service. This happens in case of poor recruitment, poor training or poor setting of standards – all the faults lie at your door.
- 8- Market changes. Surveys have shown that many small businesses don't know who their competitors are or what they're up to. Keeping an eye on them is one way of tracking what's happening to the market, as well as talking to customers and monitoring trends.
- 9- Bad debt. This is a classic and much more frequent when times are tough. It can also seem very unfair, but the reality is that if a small business puts a lot of its

eggs in a big customer's basket and that customer goes bust, it may take the small business down with it.

- 10- External factors-acts of God. There's a tendency to put a lot of things in this category, but it's rare for something to happen to a business that could not have been foreseen and planned for. Bad debts, recession, even bad weather – all can be planned for (and insured against) to some degree.

Many factors both internal and external have been found to impact on small business success including industry structure and competition, employee relations, entrepreneurial decisions and objectives, organizational culture, education, training and prior experience (Simpson, Tuck, and Bellamy, 2004). Greenbank (2001) found the main criteria for success to be income levels, job satisfaction, working hours, flexibility, and control.

Table 3.3 Important factors influencing success of small projects

Factors related to owner/project manager	Factors related to managerial and functional activities
During the first three years of the project life, the following must be available:	As for the operational properties, the following must be available:
<ul style="list-style-type: none">• Self confidence	- Ability to create new production technology
<ul style="list-style-type: none">• Total devotion to the project	- Provision of required resources to adapt to new technology
<ul style="list-style-type: none">• Working hard throughout the day with the right decision to quit	- Provision of adequate labour with competitive wages

<ul style="list-style-type: none"> • Previous knowledge of nature of product or service to be dealt with 	<ul style="list-style-type: none"> • There must be competitive advantage in terms of :
<ul style="list-style-type: none"> • Characteristics of a successful business leader: 	<ul style="list-style-type: none"> - Product specialty
<ul style="list-style-type: none"> - Good health, time perception, trust, innovation, independence ethics, adaptation, good judgment, imagination 	<ul style="list-style-type: none"> - Customer specialty
<ul style="list-style-type: none"> - Age: 31-50 years old 	
<ul style="list-style-type: none"> - Education: average education period: 14 years 	
<ul style="list-style-type: none"> - Experience: average experience period in business 13 years 	
<ul style="list-style-type: none"> • Available managerial experience, devoting the major bulk of work to strategic managerial tasks and delegating routine tasks 	
<ul style="list-style-type: none"> - factors influencing good performance of owner/manager: 	
<ul style="list-style-type: none"> • Time spent with customer 	
<ul style="list-style-type: none"> • Time spent on planning 	
<ul style="list-style-type: none"> • Time spent at work 	

Source: "What makes small Business succeed" 1990, Wichmanne, 1983, Nadvi, 2004, Lee, 1995, Steiner, 1988, Bob Lowson, 2006.

3.2 Problems confronting small businesses in general

This section examines the most important problems that pose a barrier to success of small industrial businesses, which face a number of major challenges.

Aregneti (1986) argues that a project failure is in fact a multiple-stage process, the first of which sees emergence of intrinsic problems, which develop evidently during the second stage thus diverting the project to potential failure, which becomes unavoidable during the third stage, while the fourth stage witnesses the actual failure of the project.

From reviewing of the above and the previous studies in chapter one, the following subsections examine the important problems posed to small businesses.

3.2.1 Financial problems

This list covers a wide range of issues that relate to the preparation of financial plans and projections, fund management, including receivable and inventory accounts, analysis of financial data, methods applied in making financial decisions, and decline of profit margin (Mottawaa, 2000), each of which is discussed briefly.

3.2.1.1 Inability of preparing financial plans and projections

Sound projections on the size of potential sales and asset requirements represent a key element in determining financial needs for a small business. Therefore, the failure to prepare accurate projections on the business activities during the coming period

makes the entire project vulnerable to turmoil due to the unavailable financial resources besides the discrepant timing at which such funds are provided. Pro forma financial statements are the essence of financial projection, as they allow users to identify potential changes during the period covered by such projections. Meanwhile, the financial plans prepared by the business management extend to the cash budget for the coming period, enabling the management to figure out the amount and timing of increase or deficit in the cash balance allocated to the project in the future.

It should be noted that the inability of a business management to carefully prepare financial projections results in small businesses borrowing suddenly from financial institutions, which entails the possibility of refusal of the loan. The sudden request for loans indicates a lack of financial planning on the part management, which prompts the financial institution to deny the request.

Results reached by previous studies confirm the relationship between the absence of financial planning and a series of problems confronting small businesses (Barnard 1998, Cromie 1991, Davidson & Dutia, 1991).

3.2.1.2 Ineffective management of circulated assets:

Circulated assets are those that can be, under normal conditions, converted to cash within one year. These include receivables and inventory accounts. It is known that effective management of receivables accounts requires the sound determination of credit to clients and the presence of a sound system for assessing the financial standing of clients seeking credit.

Moreover, there must be an effective policy for the regular collection of such accounts. Based on the scientific standards applied in this regard, the credit policy of small businesses is adapted based on the thorough analysis of costs and benefits related to such policy. These alterations include additional returns resulting from an increase in sales, or savings due to reduction in investment due to the decrease of receivables, costs incurred from increased bad debts, or an increase in amounts invested due to the increase of receivables, and costs incurred from the sold merchandise as a result of granting discounts for speedy payment (cash deduction).

Previous research indicates the absence of cost – benefit analysis when setting the credit policy of small businesses and making changes to such policy (Davidson, 1991, Croft, 1987, Abdulraheem, 2004).

Moreover, the results of the above studies show the presence of deficient policies on collecting receivables for small businesses. Undoubtedly, ineffective credit policy and poor collection of these does contribute to the accumulation of receivables and increase of bad debts, and this in turn has a negative impact on the project's ability to provide the cash needed to fund different activities, and reduces project profitability due to the increase of bad debts and rise of funding costs, as reflected in the receivable accounts.

In addition, excessive investment in inventory, disregarding the basic relationship between the inventory and expected sales numbers, causes freezing of project assets, thus reducing profitability due to sacrifice of returns that might have been attained, had these frozen assets been used more wisely in other profitable projects. It

should be noted that failure of project management to keep the proper level of inventory is attributed to lack of knowledge on how to manage inventory using modern techniques, which have become part and parcel of the success factors for projects and their survival. This becomes evident in computerized planning of the stock pile, monitoring of inventory levels, and determining the economic quantities to be purchased.

3.2.1.3 Inability of analyzing financial data

Financial analysis is a crucial tool used by management to evaluate small business performance on a regular basis. This calls for the effective use of this mechanism to prepare needed financial data, to determine the various financial rates, and to conduct comparisons to identify weaknesses or strengths in business performance. Studies on failed small businesses show that managers of these projects lack the skills required to conduct financial analysis, and use the results as a basis for making various administrative, financial and investment-related decisions (Peell & Wilson 1995; Fergson 1987; Edwards 1992).

3.2.1.4 Low profit margin

Profit of a small business represents one of the important measures, used to judge potential success or failure. Previous studies indicate that most failed small businesses suffer from a sharp decline in profit margins. This is due mainly to the increase of costs and expenses at higher rates that exceed sales revenue increases, as raw materials prices continue to rise. These factors combine to present the project management with serious challenges. Increasing prices continues to reduce the volume of sales, already stumbling because of fierce competition, along with deficient marketing efforts as will be explained later.

3.2.1.5 Increased funding by loans

There are certain advantages to funding by loans, such as financial leverage, which enables the use of borrowed money to obtain higher returns that exceed the costs incurred by such loans, to the benefit of business owners. However, a high level of funding by loans entails risks that weaken the financial standing of the project, thus increasing the risk of default and failure to meet the obligations resulting from loans provided, annual interest, along with the original loan as scheduled. Moreover, increased funding by loans results in higher costs in obtaining more funds. Since the risk factor becomes greater, creditors seek more guarantees as a safeguard against such risks.

Also, increased funding by loans leads to tougher conditions attached by creditors to loans provided to small businesses. These conditions may include the possession of a minimum limit of cash, setting a certain ceiling for the amount provided, and imposing restrictions on dividends given to stakeholders. Such conditions curtail the space allowed for business management when taking critical decisions to run activities. The above studies reaffirmed the negative impact resulting from increased funding by loans, citing increased loans as a major cause of financial crises facing these projects prior to bankruptcy (Cromie 1991; Bardell 1998; Dutia & Davidson, 1991).

Moreover, small businesses face many challenges and impediments when they desire to have finance for their projects, particularly from traditional sources of finance such as commercial banks. These challenges and

impediments may be summarized as follows (Al Hamami and Abou Diyab, 2006):

1. The commercial banks (the traditional financier), particularly the reserve banks, are reluctant to grant loans to small businesses as they believe that the percentage of failure of these small and medium projects is high and it is risky.
2. In general, the commercial banks depend on traders and the owners of major projects that have long experience with banks, i.e. the commercial banks tend to grant loans to major projects, compared with small businesses due to many reasons, the most important of which are reduced risks and the low cost of granting loans.
3. Internal administrative procedures required by commercial banks from the owners of these projects in order to have a loan are equivalent to those imposed for loans granted to major projects by commercial banks.
4. Small businesses suffer from the failure to authenticate its information, such as accounting records and financial statements that reflect the efficiency and capability of the project.
5. Small businesses are unable to provide guarantees for loans they are applying for from the commercial banks. These guarantees are mostly represented by real estate in addition to high interest rates.
6. Small businesses also face difficult finance conditions imposed by commercial banks with respect to interest rates, installments and payment periods (Al Rabiaie, 2006)

Banks' reluctance to deal with small businesses has been attributed to the following reasons:

1. The effort made to provide loans of thousands to a small business is the same as the effort made to provide loans of millions to a major project. Thus when applying the cost and gain principle, the loans directed to small businesses do not make a suitable margin that would encourage banks to deal with small businesses.
2. The limited size of small businesses, poor guarantees provided, owners' inexperience in running businesses, and especially in dealing with banks, and the book keeping needed to demonstrate successful results of activities further increase banks' reluctance to lend.
3. The fund structure of small businesses is deficient, with the balance sheet minimized in anticipation of taxes. The bank is thus burdened with the task of helping the client prepare the data needed to fill out the loan application, appraise the true value of project assets, and prepare a balance sheet that would honestly reflect realities, thereby increasing the financial and administrative burdens of the bank (Hamzawy, 2000).

Banks are considered the best parties to provide financial services to small businesses, but the reality is the reluctance of banks and their failure to expand lending to small enterprises, so it becomes incumbent on the government to intervene to resolve this problem, either by forcing the banks to provide loans for these projects, or through the establishment of specialized banks for this purpose.

3.2.2 Organizational & Administrative Problems:

These include the inability of small business owners to manage the various activities effectively, reluctance to delegate part of their authority to subordinates thus generating slow decisions, and loss of various marketing opportunities due to the adoption of these failed policies. The following section reviews briefly the organizational and administrative factors that might result in a failed business.

3.2.2.1 Failure of a small business owner to carry out planning, organization, and control functions properly:

It is conceivable that preserving the economic resources allocated to the small business owner is achieved through forging the required plans to conduct the project activities in the future, including long-term and short-term plans, along with operational plans (short-term). This calls for being continuously updated on the state's economic indices, industry indicators, along with project-specific indices versus those enjoyed by competitors, besides other indices of relevance to the project. The successful management of a small business is not confined to careful planning, but extends as well to coordination among the different managers of the project, and effective control of various activities. The absence of effective planning during a small business and failure to keep pace with modern changes are considered major causes of failure for small businesses that met such a fate during the past decades (Barnard, 1998; Croft, 1987).

Many of those who have established small projects fail significantly in the planning process. They start to establish their projects without studying the market and competitors, resulting in the failure of many of these projects. We can see that the government can contribute significantly to solving this problem, by increasing

awareness of small investors, and helping them in the work of feasibility studies. The work of training courses can also contribute to developing their ability to plan and organize, which will benefit the country because of the importance of these projects, both in the economic and social development.

Moreover, the above studies have highlighted the lack of coordination among different managers of the same project, particularly those in charge of the production, marketing, and funding functions. The absence of coordination results definitely in misuse of allocated resources, not to mention the wasted energy as such conflict of decisions and policies impact the entire project, speeding up its collapse. The results of the above studies indicate ineffective control over project assets, improper use of receivables and expenses and lack of control over the inventory, causing grave mistakes that contribute to the loss of project resources and aggravate other problems resulting from the ineffective control of small businesses.

3.2.2.2 Reluctance of business owner to empower workers

Most small businesses have a so-called managing proprietor who combines both ownership and management functions. This has certain advantages, such as keenness of the owner to make the project a success and dedication to the project through spending more time handling various activities and problems diligently and sincerely. However, combining ownership and management tasks is unsuitable at certain stages of the project. This is especially true during the expansion and extension stage of the project, as activities and tasks become more varied, thus forcing the project owner to relinquish part of their authority to care for strategic activities or the so-called top management tasks. Despite the importance of empowering subordinates to ensure the smooth

operation of small businesses, previous studies show reluctance of business owners to delegate authority due to confidentiality or mistrust, or to alleged assurance of success and prosperity for the small business undertaken (Ferguson, 1987, Croft 1987, Panzer, 2009).

This is linked with what we have stated before, that the combination of ownership and management is sometimes a negative thing if it is often that the decision-making in these projects will be by one person, and thus may be hard for them to give up easily on the decisions taken. So to avoid this issue, the owner of the small businesses should not be biased to his opinion when different opinions are given, he must put the interest of the project before any other considerations, and must put trust in workers, work to develop their sense of responsibility, and make them feel that they are the owners of the credit for the success of the project.

3.2.2.3 Failure to manage success

Growth of small business activities is one of the most important goals sought by the management, as this means increased profits of the project, besides strengthening the business positioning in the market. However, the rapid growth of a business entails a number of problems that have to be taken care of by the management. Undoubtedly the failure of management to deal effectively with this success could endanger the entire project. The need to increase productivity, investment in inventory, more investment into the receivables accounts, the need to develop plans and additional marketing programmes, and the greater financial needs of the infant project are some of the major problems facing small businesses.

Previous studies showed that the failure of management to deal with various challenges posed to such businesses during developmental stages is a major cause of small business failure (Divedson & Dutia, 1991; Peel & Wilson, 1995).

3.2.2.4 over optimism when forging plans

Data quality of project plans depends heavily on concrete assumptions from which plans are made. Thus, over-optimism about the marketing share, the sales price affordable by customers when buying the project's products, and achievable levels of productivity results in a big gap between the data prepared by the project management on one hand, and the actual numbers for sales on the other, along with the remaining elements making up the plans.

Results reached by previous studies confirm that overestimating numbers making up the plans prepared by the project management is a major cause of failure for small businesses. These studies indicate that one reason for the overestimation while preparing business specific projects, was the absence of accurate information about the market in which size the project operates, besides the inability of small business management to make use of the marketing and economic information available in the preparation of such plans (Hills, 1985; Capron & Levy, 1995).

3.2.2.5 Lack of required data on the market where the business operates prior to launching activity and indifference by business owners to the negative information on the market

Information on the nature of the market where the business operates is crucial in determining strategy prior to launching activity, in terms of product design, distribution

channels, pricing decisions, marketing share, promotion policies, after sales services, funding structure, plant interior design, along with other critical information. The absence of such information on the market where the business operates is a major cause of potential failure, as indicated by many studies (Hills, 1985; Croft, 1987; John & Bracker, 1986).

3.2.2.6 Lack of complete awareness of how to select and manage the intended small business

One of the most important difficulties is the selection of the appropriate idea to establish the project. Most often the project is selected in an inappropriate manner and consequently the project fails or tries to change into another business. Next we have the problem of obtaining the appropriate area and location to construct the project in addition to the difficulties of obtaining production inputs, particularly with respect to industrial projects that depend on imported raw materials (Al Hannawi, 2006). This problem is quite evident due to the high cost of imports and the difficulty of obtaining relatively small imported quantities. The reason behind this fact is that the suppliers of production inputs can easily and cost effectively deal with major projects compared with small businesses (Ghunaim, 2006). Further, lack of trained labor on how to determine the quantity and type of production requirements presents a challenge to small businesses owners (Al Asraj, 2007).

3.2.3 Marketing problems

This list of problems includes the limited size of the market, reduced marketing share, intense competition, the project management's awareness of the nature of the market, the failure to establish any mechanism for undertaking market research, along with factors influencing purchase decisions.

The above factors are discussed briefly:

3.2.3.1 Reduced marketing share of the small business

Most small businesses operate in marketplaces characterized by easy access due to the low initial investment needed for investment. Examples of such businesses are: furniture, ready made clothes, plastic bags and cleaning fluids. The easy access to the market place tempts many investors thus reducing the marketing share of existing projects. Previous studies (Hills, 1985; Croft, 1987; Khon & Bracker, 1986) confirm the reduction, as most new entrants use the most sophisticated technology and raw materials in production and marketing.

Moreover, managers of new projects stand to benefit from facilities provided by the state to these projects, such as fund contributions, provision of needed information, tax exemptions, and the land necessary for building the business project. Undoubtedly, gradual reduction in the market share of small businesses results in decreased sales revenues. It is known that the fixed costs of a project, rents and depreciation, do not react to sales reduction similarly, thus causing sales decline to reduce profitability. This is known as the negative impact of operating leverage, which arises from variable rates of profits compared to sales size but with fixed operating costs remaining in the project cost structure (Croft, 1987; Barnard 1998).

3.2.3.2 Indifference of business management to marketing issues

Previous studies stress the fact that most small business managers pay much attention to production and funding issues, while showing indifference to marketing activities. Marketing programmes however need to be designed to identify customer needs, product design, price products at levels suitable to customers income, set product promotion policies, and provide for after-sales service. The attention paid to the design

of these programmes is a prerequisite for any management wishing to make a business project survive (Ferguson, 1987; Cappron 1995). Previous studies show that marketing programmes of small businesses are deficient, with the management unaware of the market nature, poor distribution systems, and absence of a sound pricing mechanism that considers product costs, prices offered by competitors, and customers purchase intentions (Hill, 1986; Bracker 1985). These studies also outline the poor promotion activities undertaken by small businesses, thus resulting in products being outdated, assets of the project being frozen, and eventually impacting negatively on the project profitability.

3.2.3.3 Difficulties related to competition

The owners of these projects face the problem of high production costs that limit their internal competitive ability against major projects. Further, investment stimulation laws are associated with major projects and consequently it limits the internal and external competitive ability of such projects. Further, these projects lack the necessary skills, human resources and technology, and consequently achieve only a weak level of competition against major projects in the local environment (Al Warily, 2006)

Small enterprises suffer from the weakness of their competitive position with foreign products. The local consumer prefers similar foreign products, guided by imitation, or because he used to use these foreign goods, and consequently there is limited demand for local products (Allub, 2003).

In addition, small businesses owners face other marketing problems (AlNagar, 1999). Some of these are:

- 1- Imbalance of supply and demand for the products of small businesses.
- 2- Reduced purchase levels in general.
- 3- Lack of marketing skills of owners of small businesses.
- 4- Reduced quality in products of such projects.
- 5- Lack of financial potential to fund the marketing process and create a variety of products by such projects.
- 6- Lack of media publicity and advertising campaigns to promote products.
- 7- Poor quality of finished products.
- 8- Lack of needed outlets to distribute small business products.
- 9- No associations available to supervise or support these small businesses.
- 10- Failure to survey or explore customer needs.

To solve the marketing problems we suggest the following (Ferjani, 2000):

- 1- Improve the quality of production.
- 2- The establishment of temporary and permanent exhibitions, and internal and external marketing of products.
- 3- The provision of specialized offices for product development to increase its competitiveness.
- 4- Providing information on foreign markets and export opportunities through commercial representation offices.
- 5- Encourage large industries to deal with small industries in the area of feeder industries and subcontracting.

- 6- That the government gives preference in its purchases from the local market for small businesses.

3.2.4 Structural & legislative Problems:

These include the absence of integration programmes connecting small, medium and large businesses, besides the lack of specialized systems capable of providing information and various services, and defining the ideal structure for industries where small businesses can operate under soft terms. Previous studies show that the inability of small businesses to market their products to medium and large projects is a major cause of failure for such projects. Moreover, these studies argue that the lack of institutions and specialized funds that would market the products contributes to greater financial problems. Excessive licensing granted to new projects regardless of the size factor required for each industry entails negative consequences in terms of performance for such projects (United Nations, 1995; Birley & David 1985; Watson & Jim, 1994).

In addition, there is a set of reasons that hinder the growth and development of small businesses. The most important of these reasons are the following (Labor Force Magazine, 2005):

1. Lack of continuous follow up and subjective evaluation by the supervisory authorities who granted the license to establish the business or by financing authorities. In this respect the role of the former is restricted to granting and renewal of the license and collecting fees, while the role of the latter is to grant loans and to collect the installments.

2. Lack of a supervisory authority that can sponsor these activities, provide and analyze the statements, information and studies collected on the current project, on its production and innovative materials, and the available investment opportunities, and utilizing the results to tackle the problems and difficulties faced by small and medium projects.
3. Lack of areas to establish small businesses.
4. Lack of assistance to promote the production of the small businesses in the local market and to export the same abroad, in addition to lack of permanent exhibitions to introduce its product.
5. There are several authorities that are required to approve the establishment of the business and to provide loan finance.
6. It is difficult to obtain necessary loans and finance under suitable conditions due to lack of guarantees that can be provided by such small businesses.

3.3 Problems Confronting Small Businesses in Arab Countries:

3.3.1 Reduced capacity of local markets:

The reduced capacities of local Arab markets are due to two factors: low population or limited income or both of them. Non-oil producing countries and semi-producing Arab countries suffer from low income problems, with average per capita income less than \$2000 a year, while oil producing Arab countries have low populations with high income (Najar, 2000).

Not only is the low income a problem in some Arab countries, but also the inequity of wealth distribution, with data showing that 73 million Arabs live below the poverty line (Arab Organization for Industrial Development and Mining).

3.3.2 Inefficient exporting infrastructure:

Small businesses account for a small percentage of Arab exporting capacity. This is due mainly to the fact that most Arab nations depend on the export of raw materials or service exports, as they lack an export-stimulating infrastructure including a number of specific export-directed policies, the establishment of viable institutions tasked to develop certain products to meet exporting goals, forging strategies to promote exports, issuance of new regulations and the presence of a credit system promoting exports. Most Arab countries lack capable maritime lines that connect local markets to exporting channels, not to mention the low service capacity characterizing airports and sea ports in these countries. Shipping costs are exorbitant and there are bureaucratic difficulties that would discourage exporters. Small and medium businesses lack a suitable infrastructure conducive to exporting (Enaba, 2002).

3.3.3 Legislative and Administrative barriers

No uniform code exists on small industries that would regulate their operation, provide funds and licensing. Moreover, many bodies interfere in the issuance of government regulations thus resulting in conflict of interests, increased red-tape, and excessive tax burdens. This leads to young investors being unwilling to access production projects, besides lacking experience and being unable to hire professional experts to handle specialized issues.

Legislation and laws regulating small business in the Arab countries are still in development, and does not stimulate the activity of these projects and develop trade exchange between these countries.

3.3.4 Poor visibility of supporting entities:

Specialized corporations are very few in certain areas, which cripple the progress of providing support to small businesses. These include:

- Marketing firms of small business products that can provide the latter with required data on needs of the local and international markets based on producing what can be marketed, not marketing what is produced. Moreover, these supporting entities may assist in organizing exhibitions and shows for product promotion.
- Fund renting corporations: these provide machinery for the small and medium businesses, which cannot afford to buy them for lack of resources.
- Industrial service corporations providing technical and administrative support, organizing training courses to improve performance and specifications, increase productivity and enhance product quality.
- Credit risk insurance corporations: small businesses lack credit risk insurance as they cannot guarantee or provide security for the funding received from banks. These businesses guarantee a portion of the loans to ensure bank funding.
- Corporations specialized in establishing small industrial complexes, which construct industrial areas provided with services, raw materials, and ways to strengthen integration with other industries.

3.3.5 Inefficient education & training:

The educational systems existing in many of the Arab countries are ineffective, with outdated curricula, and so are unable to provide trained labor, particularly for the needs of small and medium businesses. Graduates of these colleges and vocational schools do not have the skills or abilities needed for labour markets. Moreover, specialized training centers or institutions providing techniques for handling advanced technology do not exist in most Arab counties.

It is required to develop the curriculum and clarify the importance of small businesses and self-employment, and conduct training based on the approach to the market.

3.3.6 Inadequate information systems:

The current IT era necessitates the development of integrated information systems that provide small and medium businesses with the required information on production techniques, machinery, raw materials, markets, and design specifications. The inadequate information system in the Arab world results in the creation of projects that miscalculate the market needs and produce items that do not meet international standards, not to mention the higher costs of imported raw materials, along with poor timing of production (Dutton, 1996).

3.3.7 Fallout of global trade liberation:

It is expected that liberation of global trade will negatively affect Arab industry in general and small businesses in particular (Alsharah, 2006). As for the positive impacts, these include reducing customs barriers to exports, with greater marketing opportunities in global markets, lower prices of raw materials needed for production,

which means that the final product can be offered at affordable prices to consumers, and greater competitiveness. As for the negative consequences of global trade liberation, Arab project products, especially those of small businesses may lose a big portion of their market share as a result of inability to compete against imported products of better quality and lower prices. In addition, marketing opportunities abroad are subject to absolute loss amid the fierce competition characterizing global markets.

3.4 Contemporary Challenges Facing Small Businesses

Small businesses cannot operate in isolation from international circumstances. Therefore, owners of such businesses should possess a strategic perspective to explore opportunities, and identify foreign threats, with the world becoming more and more like a small village. Absorbing the rapidly changing technologies enables owners of small businesses to enhance innovation and promote trade opportunities on the local, regional and international levels (Enaba 2002, Alshemari, 2006). The following are the most prominent challenges posed to small businesses:

3.4.1 Revolutionized communications

Business organizations depend heavily, regardless of size, on modern telecommunications that ensure competitive advantage through the provision of marketing opportunities, feedback, information on performance, and better access via e-mail or home communications as follows:

- A- Electronic marketing: Gaining a competitive advantage from e-commerce is difficult for small businesses since this is an area where the owners of these projects really need help in understanding what they are doing when they go online (Simpson, 2004). A small business does not have to own an internet site

to market products, as e-mail lists make such communication possible with clients. There are numerous forms of sites carrying out e-marketing that would update clients on how the small business is doing. Surveys show that over half of e-mail users respond to e-mail advertising and purchase the advertised products. Ambitious small business owners can achieve success through the use of the great potential provided by e-mail channels to promote products and services, identify target customers, and enter new markets. However, there are a number of rules that should be considered when writing electronic messages during cyber communications by small businesses:

- 1- The message should be brief and to the point.
- 2- Simplicity and clarity are essential and with the message devoid of illustrations.
- 3- The inbox where e-mails are received should be checked regularly in order to respond to incoming messages, to ensure punctuality with clients.
- 4- Adherence to correct grammar and spelling is important, as poor language creates a negative impression of the entire organization.

B- e-marketing from the home: The internet has created myriads of marketing opportunities that might be conducted even from the home. This provides job opportunities that should combat the unemployment problem. However, this calls for ensuring customer satisfaction as the initial step toward creating a base of loyal customers.

3.4.2 Information revolution

Developed societies are experiencing what is called the information technology era, with heavy dependence on modern telecommunications. In particular, information processing systems are interconnected with computers. Information systems are not limited to large businesses, as small ones are capable of using such valuable resources. This has brought about a comprehensive development in the management arena, with planning, organization, monitoring, coordination, and decision making dependent on the outcome of information systems. Due to the massive flow of information, business organizations find it necessary to build databases to store the required data for later use and retrieval in easy, fast, and accurate format.

3.4.3 Trade

There is a consensus among computer experts that small businesses are required to enter the world of e-commerce, which is going to play a crucial role in the economy during the current century. E-commerce is defined as "a set of integrated processes that support trading activities using the internet creation of websites" and which "for small businesses is becoming an urgent matter" (Alshemari, 2006), since these sites could turn into an important outlet and marketing tool with the myriad communications attained via e-mail. Besides, a list of the site visitors may be established and analyzed thus providing useful information of customer demographics. E-commerce facilitates market research efforts, and offers ways of providing help through answering customer inquiries and complaints without using phone calls or hiring more labour to perform such tasks. A first step in e-business is to open a bank account to enable a small business owner to accept credit cards on the Internet. The next step is deciding on the title of the small business to ease correspondence. Search engines with big names (Googile, Yahoo, etc.) have made e-mail services quite possible and free of charge. A

basic requirement is for one site to modernize and up-date information on a regular basis, and to listen to observations and feedback received from customers. The potential increase in business dealings due to creation of a website could reach 50% or more (Al Sharah, 2006).

3.4.4 Exporting global marketing

There is a misconception among small businesses that exporting activities are reserved for large projects. This is mainly attributed to the multiple obstacles facing small businesses when it comes to exporting. Export barriers may be summed up in the following elements:

- 1- Bureaucracy and government red-tape.
- 2- Trade barriers.
- 3- Transportation difficulties.
- 4- Lack of competent human cadres.
- 5- Lack of incentives to enter the exporting domain.
- 6- Failure to coordinate government assistance.
- 7- Lack of financial support.
- 8- Discouraging environment prevailing in foreign markets closing doors to new entrants.
- 9- Slow collection of receivables from foreign customers.
- 10- Poor competition in terms of available products.

3.4.5 Meeting environmental demands

Global and local environmental considerations represent a difficult barrier to small businesses that seem to disregard the environmental issues because of their infant

history. Many of these nascent industries cause greater damage and degradation to the environment than do the larger businesses. However, the tendency throughout the world now is to protect the environment, with strict protection measures in place and heavy penalties for non-compliance.

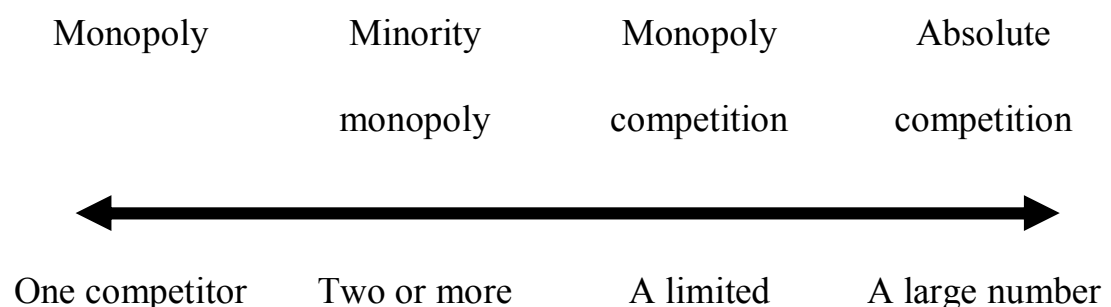
3.4.6 Handling fierce competition

Scarce resources and the emergence of globalization have brought about tough challenges with the door open wide to foreign competitors who inundate markets with products of better quality and cheaper prices. The answer to this problem is for local businesses to study carefully profiles of competitors, which include among other factors:

- Who are the major competitors on the market?
- What are their weaknesses and strengths?
- What are their goals and strategies?
- How are competitors viewed by consumers?

It is essential to identify the type of competition existing in the market place as such factors must be considered when forging different policies for the project. Economists have classified markets according to the number of competitors as follows:

Figure 3.1 Classified markets according to the number of competitors



number of competitors

Source: (Al Shammery, 2006)

Because of small businesses' limited resources, they tend to operate in a highly competitive atmosphere and are thus engaged in fierce competition against a large number of projects. Careful study of competitors enables small business owners to forge appropriate marketing plans for handling the tough competition lying ahead due to the globalization era.

3.4.7 Developing innovation and creativity

Small businesses are considered the origin of innovation and creativity as they commercialize innovations during a limited period that ranges from 2-3 years. This requires the creation of a suitable atmosphere conducive to innovation which means briefly, "the introduction of something new, which could be a product distribution technique, or pricing method promotion mechanism" (Al sharah, 2006).

A creative businessman is characterized by wide imagination, independence and intelligence, among other qualities. Such qualities are acquired through learning and experience.

3.4.8 Liberation of global trade

Trade liberation and opening up to global markets have entailed positive consequences such as removal of customs barriers and tariffs hindering small businesses. However the easy access to markets may result in tougher competition that

might harm small businesses unless they rise to the occasion and seek better information about competitors who try to provide products of better quality and at lower prices.

3.5 Summary

This chapter has attempted to define the main success and nonsuccess factors of small businesses. The problems that face small businesses in general have been discussed, and the main problem categories, such as financial, administrative, marketing and legislative problems have been examined. Particular attention has been focused on the problems that confront small projects in Arab countries. Finally, the contemporary challenges facing small business have been defined.

Whilst chapters 2 and 3 have provided a general overview of small business and its challenges, it has repeatedly been noted that the concept and role of SBs differ according to the national context. The next chapter, therefore, provides information on Kuwait, to establish the context of this study.

CHAPTER FOUR

Kuwait and its Industrial Development

4.1 Introduction

The Kuwaiti economy has a unique feature, namely, its limited resources except for oil. However, there is an advantage in the relatively small population, which enables the development decision makers to provide good services. By this means, the human element can be employed to play an effective role in the construction of the country, which is endeavoring to keep pace with international development. During the last three decades, the regional situation has prevented Kuwait from achieving its cherished goal for a long period. In order to understand the issues facing the adoption of small business and its impact on the human element and development issues, it is necessary to understand the social and economic context. This chapter, therefore discusses in turn the location and area, population, labour force, and characteristics of the Kuwait economy.

4.2 Kuwait Background

4.2.1 Historical Background

Kuwait takes its name from the small fort, Al-Kout. It was built by Mohammed bin Oraiar, leader of the Bani Khalid tribe, to be an ammunition depot and a store for ration supplies for armies during campaigns and for regrouping during periods of calm. Kuwait is the diminutive of Al-Kout; the latter refers to nearby peasant abodes for storing crops and livestock (Al-Ali & Al-Gouhry, 2002). Kuwait is not the native

residence of the ruling Al-Sabah family, who originally came from Najd (in Saudi Arabia) and settled in Bani Oraiar along with their cousins. Historians agree that Kuwait dates back to 1710 A.D. when the Al-Otoub tribes, including the Al-Sabah family, decided to make a home there. The flow of refugees from neighboring areas then prompted the members of these clans to choose a chief to rule the groups and first Sabah was named the ruler in 1752 (Al-Hattem, 2001).

4.2.2 Location and area

The State of Kuwait is located on the northwestern part of the Arabian Gulf. It has borders with the Arabian Gulf to the east and it is surrounded by the Kingdom of Saudi Arabia to the south and south-west. In the north and northwest it has common borders with the Republic of Iraq. Kuwait is considered as the natural port for the northeast Arabian Peninsula. The Kuwaiti land is sandy desert terrain, having shallow valleys and hills. The total area of Kuwait is about 17818 square kilometers. Kuwait is divided into six governorates, namely: Capital, Hawally, Ahmadi, Mubarak Al-Kabeer, Farwaniya and Jahra. Jahra is considered the biggest as to the area of land, while Hawally is the biggest in terms of population. There are nine Kuwaiti islands, namely: Failaka, Bubiyan, Miskan, Waraba, Owha, Um-Al-Maradim, Um-Al-Naml, Kubar and Qaroah. Failaka, the only populated island, occupies an area of 20 kilometers to the north-east of Kuwait City (Al-Hattem, 2001).

4.2.3 Population

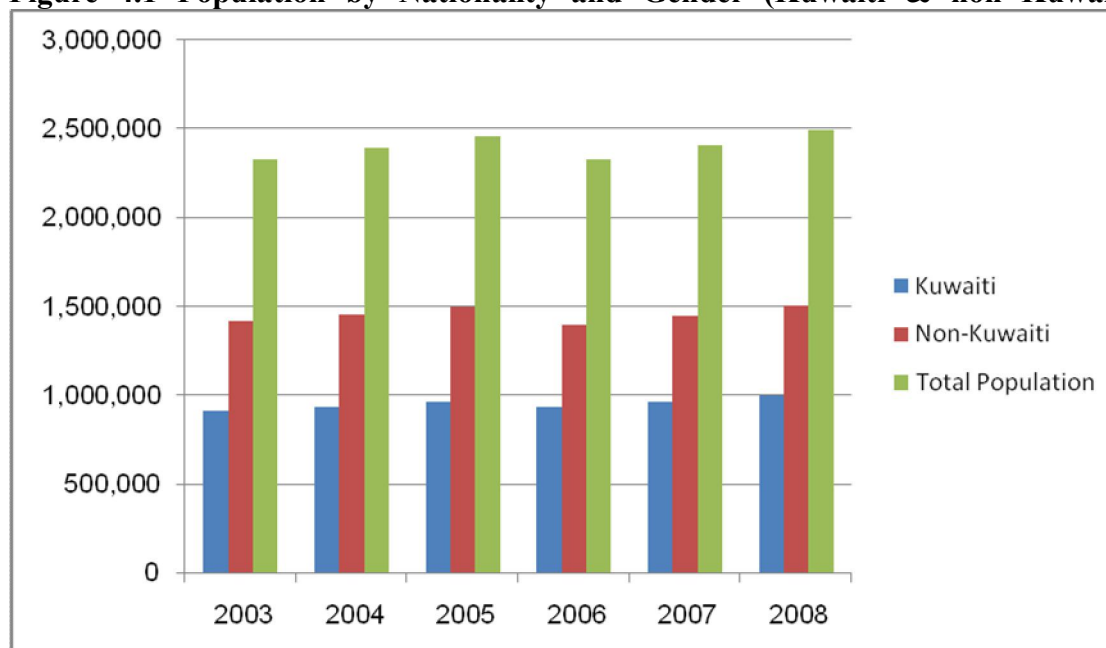
The census indicates that the total number of the population in Kuwait by the end of 2008 was 2,495,851; figures suggest an increase in the total number of population at 85,022 or 3.4% compared with 2007 when the population was 2,410,829.

Table 4.1 Population by Nationality and Gender (Kuwaiti & non Kuwaiti)

Year	Kuwaiti			Non-Kuwaiti			Total Population		
	Total	Female	Male	Total	Female	Male	Female	Male	Total
2003	908,442	463,566	444,876	1,416,998	469,054	947,944	932,620	1,392,820	1,416,998
2004	935,922	477,937	457,985	1,454,669	480,603	974,066	958,540	1,432,051	1,454,669
2005	963,571	492,346	471,225	1,493,686	492,599	1,001,087	984,945	1,472,312	1,493,686
2006	934,590	474,214	460,376	1,393,526	475,561	917,965	949,775	1,378,341	1,393,526
2007	964,758	489,540	475,218	1,446,071	490,705	955,366	980,245	1,430,584	1,446,071
2008	995,230	505,100	490,130	1,500,621	506,329	994,292	1,011,429	1,484,422	1,500,621

Source: Annual Statistical Abstract, Central Statistical Office 2008.

Figure 4.1 Population by Nationality and Gender (Kuwaiti & non Kuwaiti)



The previous schedule indicates that the growth rate of the Kuwaiti population from 2003-2008 was 8.7% while the growth rate of non-Kuwaiti people for the same period was 5.5%. It is remarkable that there is minor difference between number of Kuwaiti males and females and a minor increase in the number of the Kuwaiti females. However, the non-Kuwaiti population had recorded different rates. In this regard, we noticed that number of non-Kuwaiti females is few due to small salaries of non-Kuwaiti nationals and consequently it is difficult for them to provide for appropriate accommodation for their families in Kuwait, as most non-Kuwaiti nationals are laborers.

The Kuwaiti society is considered as a male community where total males (Kuwaiti and non-Kuwaiti) were 59.5% in 2008 compared with 40.5% for total females. The Kuwaiti nationals (male and female) represent 40% of the total number of the population of Kuwait while non-Kuwaiti nationals (males and females) represented 60% into 2008, due to the increased number of the expatriate labor force needed for the Kuwaiti labor market. However, a great number of this labor is unskilled labor.

4.2.4 Development of Social and Cultural Life

The discovery of oil in Kuwait has brought about sweeping changes in the social, economic and political life throughout the country. Many of the social customs and traditions have undergone landslide developments due to the exposure to other countries. Meanwhile, Kuwaitis have acquired many of the habits of foreign immigrants, including food, clothing, housing, entertainment and other forms of behavior. The following

section will examine some of the social developments in Kuwait that extend throughout the study period.

The small population of the Kuwaiti Emirate has been the major cause behind the evident impact felt by the oil boom, besides the relatively small area of the country. The abundant wealth has prompted many Kuwaitis to be involved in business activities, thus promoting ties among different sections of the community. However, educational and training missions abroad have created a well educated generation able to keep up with world developments.

The business sector, through a few individuals, is very influential, as it enjoys wealth and prestige and because businessmen are close to the ruler, not to mention the imported culture acquired by members of this sector. Businessmen also have their roots in the traditional community, with huge investments poured into trading institutions and this influence has been translated into political power with material presence in state sensitive posts. As for the middle class, it is comprised of government employees, staff of national and foreign companies, along with other craftsmen. The middle class has always played a crucial role in political and social life.

The third class that emerged in Kuwait is the one with most individuals holding positions in oil and trading companies as well as public service providers. However, Kuwaiti society may be divided into two basic groups. The first group represents the Kuwaiti nationals, i.e. the tribes and clans that moved to Kuwait and settled there; they are called “fundamental Kuwaitis”. They enjoy all political rights, elections, and

candidacy for parliament. The second group is called the immigrant class. They have no political rights whatsoever as they belong to different areas (Al-Hattem 2001).

Regarding the intellectual movement in Kuwait, it has gone through three distinct stages of development (Al-Khassousi, 1983). Stage one is characterized by stagnation, which refers to the pre-World War I, with Kuwait in isolation from emerging trends in neighboring countries. The cause of such intellectual isolation was blamed on the primitive life led by Kuwaitis, who struggled for the basic necessities of living and had no time to interact with such trends. It should be noted that Kuwaitis frequently traveled for trade to far off lands such as India and East Africa, but the culture in these regions was different from that of Kuwaitis, who were not concerned with the cultural trends emerging around them.

Stage two, intellectual openness, refers to the stage characterizing the intellectual movement during the period between the two World Wars. This stage witnessed the opening up to other ideas and the desire by Kuwaitis to end isolation with the following features cited:

1. The presence of some thinkers, men of letters, and scientists from various Arab countries in Kuwait.
2. A greater role played by Al-Diwania, which turned into an intellectual thinking venue impacting heavily on all Kuwaitis.

3. Inception of a national organized education system supported by some Kuwaiti thinkers, which became the foundation upon which the modern education system in Kuwait has been established.
4. Creation of a local press in Kuwait.

Stage three, “the thinking maturity”, which refers to the period following the oil boom in Kuwait after World War II. The most prominent features of this stage are:

1. Continued growth in the number of modern schools for the different education levels, with student delegations sent abroad on scientific missions to Arab and foreign universities.
2. Emergence of literary and cultural clubs, and publication of magazines and newspapers.
3. Further interest in public libraries and the availability of encyclopedias and reference books.
4. Organization of cultural conferences in Kuwait.
5. The issue of numerous Kuwaiti magazines and newspapers with coverage of political and news issues.

4.3 Kuwait Economy

The Kuwait economy is considered as one of the most important economies in the Middle East region and Kuwait is considered as one of the major oil exporting countries worldwide. The Kuwait economy enjoys many prominent features and characteristics that have contributed to the formation and promotion of an effective economy on the territorial and international levels. Further, the Kuwait economy enjoys a high classification compared with international economies. In this regard Moody's investor services agency report published on March 2009 indicates that Kuwait's economic might and the financial ability of the Kuwaiti government are ranked very high. The report justifies this classification to the high share of each individual from gross domestic product and the increase of net foreign assets. Further, Kuwait has achieved a high financial surplus due to the increase of oil prices. The report has explained the institutional ability and sensitivity of the economy to serious events with mild classification (Atiya, 2009).

Kuwait National Bank points out in its economic bulletin of the Gulf States that the Kuwait economy witnessed improvement during 2010 and it expects that gross domestic product will record a 3% increase due to the improvement and stability witnessed by most economic sectors. In this regard, consumer sector has maintained its good performance, after being the most stable element of the economy during the economic recession in 2009. Further, the real estate sector witnessed improvement during 2010 and its activity has reached unprecedented levels since 2007, except that the commercial sector is still affected by surplus supply (Atiya, 2009).

However, productive sectors, such as trade, industry and construction witnessed the recovery of activity recently following a period of recession, despite the fact that it is not stable yet. It was not a surprise that one of these sectors was greatly affected by the global financial crisis. With respect to the oil sector, it has witnessed improvement coinciding with the increase of world demand in oil. It is expected that this sector will grow during 2010 at 1.4%. Further, the non-oil sector is expected to grow at 4% in 2010 and it will lead gross domestic product to 3% (NBK, 2010).

Further, NBK report points out that the statements of the first months of 2010 support the opinion that economic performance is gradually improving. However, it is expected that the economic development process will be expedited during the next two years and it will reach 4% and 5%. However, this will depend on government's execution of major plans and projects.

The Kuwait economy witnessed high growth rates during the majority of the last decade due to the increase of oil prices. In this regard, growth rates ranged between 5.3% in 2003, 8.1% in 2004, 6.5% in 2006 and 5.5% in 2007. Anyhow growth rates decreased in 2008 due to the impact of the global financial crisis on Kuwait and it reached 3%. Further, the growth rate continued its increase in 2009 and reached 1.5% (Al Qabbas Newspaper, 2008, Standard Chartered, 2009). Kuwait is considered as one of the richest states in the world and the economic position of Kuwait is very high compared with other states. The reasons for such a situation are due to the high share of each individual from gross domestic product, which is used as a measure for assessment of the economic might. Throughout the last years from 2004 – 2008, the share of each individual from gross domestic product was US\$ 5138 according to the statement of the

International Monetary Fund. It is ranked the 11th worldwide and it is similar to the rate in Holland and Hong Kong (Atiya, 2009).

NBK report indicates that the inflation rate in Kuwait had been severely reduced during 2009 from its highest level that was recorded on August 2008 when it reached 11.6% annually to 2.1% on December 2009. The last available statements indicate that the inflation rate reached 2.8% in January 2010. However, with the growth of economy and increase of article prices, it is expected that average inflation will reach 4.2% in 2010.

The major defect of the Kuwait economy is its dependence on a single resource. In 2008 oil exports were KD 22.2 billions out of KD 23.3 billions representing total exports. The Kuwait economy is one of the greatest economies in the Middle East that depend on oil. This great dependence on oil revenues makes Kuwait economy liable to fluctuation according to international oil prices and average slow down once the oil price decreases. Despite the existence of opportunities to diversify the resources of the economy, yet the contribution of the non-oil sectors is not more than 9% since 2004. Standard and Poor's classification places Kuwait at the lowest levels of economic diversification (S&P, 2009).

Further, investment and industry sectors are suffering from some impediments that restrict its development in Kuwait. One of the most important impediments is difficulty to practice business and bureaucracy related to incorporation of companies. Therefore, Kuwait lacks competitiveness to set up an investment-inciting environment compared with the neighboring countries. Further, visa restrictions and lack of

appropriate legislation renders the Kuwait economy an investment expelling economy. In this regard, Kuwait occupies the last rank among Arabian Gulf States regarding competition of the foreign products. The value of the exported funds from Kuwait economy is estimated by US Dollars 6 billions in 2010. Therefore, Kuwait is the only country in the Middle East and North Africa that suffered from negative flow of direct foreign investments (Abdul Razak, 2010). Further, the industrial sector suffers from organizing problems, and non-availability of appropriate industrial land. At the end of this chapter, we will consider the industrial sector in the State of Kuwait and its problems in detail.

The Kuwait economy is characterized by number of fundamental features, the most important of which is that it is mono source economy that mainly depends on oil, in addition to several other characteristics (Al-Youssef, 1997; GOIC, 2000).

- 1- Mono source economy
- 2- Narrowness of the productive base
- 3- Imbalance of the productive structure
- 4- Limitedness of the accommodation capacity
- 5- The leading role of public expenditures
- 6- Imbalance of the population structure and reliance on expatriate labor force

Therefore, it can be stated that features already mentioned have a negative role in the Kuwait economy, which requires the Government of Kuwait to address those features of its economy to promote growth and prosperity.

4.4 Industry in Kuwait

Industry was closely connected with Kuwait before the exploration of oil, due to the nature of the country and its marine front. Most industries were manual industries, such as shipbuilding, building materials, leather industries, and goldsmiths, etc.

However, the importance of these industries decreased following the exploration of oil due to the desire to create economic and social change that suited this source of income. Therefore, these industries gradually disappeared. Following the increase in oil revenues and the economic boom in the country there was need for an expatriate labour, which resulted in the emergence of industries that provide for the needs of citizens and expatriates, in addition to other industries associated with oil and its byproducts (KFAS, 2002).

Manufacturing Industry Sector in Kuwait (inclusive of refineries) constituted about 5.6% of gross domestic product and 12.6% of gross domestic non-oil product for 2008. Upon excluding refineries, the sector represents 2.2% of gross domestic product and 5% of gross domestic non-oil annual product.

The manufacturing industry sector has recorded an annual increase in the annual growth rate of 3.1% in 2008 compared with 8.4% in 2007. Chemical product industry represents 33.2% of the product of the manufacturing industry sector. During the period 2000-2008 manufacturing industry sector had recorded 14.4% annual growth rate

compared with 10% annual growth rate for the period from 1995 – 2000 (Annual Report of the Industrial Bank of Kuwait, 2009). Change during the period 2000-2008 due to the difference between annual growth rates of different industrial activities as illustrated in

	2000		2008	
Industry sector	Production (KD Million)	Percentage %	Production (KD Million)	Percentage %
Food & Drinks	68.8	23	82.2	9.3
Textiles & Leather	35.6	11.9	52.6	6
Wood & Furniture	13.2	4.4	30.8	3.5
Paper & Printing	28.2	9.4	66.9	7.6
Chemicals products	36.9	12.3	291.6	33.2
Mining & non-metallurgical products	45.2	15.1	115.2	13.1
Basic metallurgical products	4.7	1.6	28.9	3.3
Metallurgical Manufacture	60.2	20.1	176.5	20.1
Other finished products	6.9	2.2	7.6	0.9
Total	299.7	100	877.2	100

the following table.

Table 4.2 Grand Domestic Production in Manufacturing Industry Sector 2000-2008

4.4.1 Stages of development of the Kuwaiti industry

4.4.1.1 First stage (1946-1960)

This stage started in 1946 following the export of oil. At that time a strategic oil industry appeared and it was characterized by technological and administrative advancement. However, this industry was owned by major foreign companies and the majority of the employees of these companies were non-Kuwaitis. The backwardness of the industrial sector during that stage was due to several reasons,

the most important of which was non-employment of private savings in industrial investment.

4.4.1.2 Second stage (1961-1968)

Following national independence, there was interest in industry and the industrial sector on the part of the government and private sector. The government constructed major industries connected with oil or participation in the same. Further, the government provided the necessary essential structures for development of the industrial sector, represented in the construction of the industrial areas and provision of all facilities and services required by the industrial installations. The most important event during that period was the construction of Shuaiba industrial area, which was considered the centre for industrial settlement in the State of Kuwait.

4.4.1.3 Third stage (1968-1974)

During this stage the State organized the manufacturing process and changed from random industrial growth to planned and programmed industrial development. In this respect the government prepared the first five year economic and social development plan (1967/1968-1971/1972), as well as many strategic drafts and proposals for economic development.

4.4.1.4 Fourth stage (1974-1980)

This period was characterized by economic boom as local demand ratios increased and the industry developed rapidly. Further, government and individual expenditure was affected by unprecedented ratios that pushed resources towards investment in the industrial sector to meet the steadily increasing needs of this demand. If

we set aside the petroleum products from the manufacturing industries sector we notice that industrial investment in this sector reached KD6.4 millions in 1974. Then, it increased to KD20.4 millions in 1977 and KD40.3 millions in 1980. However, industrial investment increased at a high rate. Moreover, this period witnessed the establishment of the Industrial Bank of Kuwait and the accession of Kuwait to the Gulf Industrial Consultants Organization in 1976 in order to undertake industrial coordination between the Gulf States and to construct industrial projects all over the Gulf States. This greatly contributed to the process of industrial development and encouraged the private sector to invest in the industrial sector.

4.4.1.5 Fifth stage (1980-1988)

This stage was characterized by recession as the Kuwaiti economy suffered three consecutive shocks, namely the Iraqi Iranian war and its negative impacts, the collapse of the international oil markets, and the Kuwait Stock Exchange crisis, called the Manakh Market crisis. These factors interacted and resulted in real decline in the share of the manufacturing industries. However, in 1981 industrial investment remained at the same level as in 1980. Then, it increased slowly during the period from 1982 until 1984 to reach 11% annually, after which it started to increase rapidly, such that the size of the industrial investment in 1989 was 50% more than its 1980/1981 ratio.

4.4.1.6 Sixth stage (1989-new)

This period is considered exceptional due to the unlawful Iraqi invasion of the State of Kuwait on 2/8/1990. During that period, industrial production decreased in 1990 at 45% compared with its 1998 ratio. The period from 1990/1993 is considered an

anomalous period due to its circumstances and developments, an extraordinary period which witnessed the Iraqi invasion, followed by liberation by the end of February 1991 and the stage of reconstruction and repair of the industrial installations that were destroyed during the invasion. In 1993 the manufacturing industries sector continued its growth and its participation was KD586 millions, yet its participation in the gross domestic product decreased to 8.7% due to the increase in participation of other sectors topped by the oil sector.

In 1996 the industry law No. 56 of 1996 on the establishment of the Public Authority for Industry was promulgated. This authority was intended to develop industrial trades and to create an appropriate atmosphere to attract foreign investments and to deepen industrial awareness among citizens, as well as to reinforce industrial cooperation with the regional and international organizations.

4.4.2 Problems of industry in Kuwait

Industry in Kuwait has suffered from several problems represented in basic limitations that hinder its growth and development. The most important of these problems are:

1. Absence of public awareness regarding the role of industry in the economic development process and diversification of the productive base. We can say that until now no strategic decision has been taken regarding whether industry must represent one of the main sources of product generation and local income.

2. The Kuwaiti industry lacks an information base that would assist in identifying the most important developments in production technologies and developments in international products.
3. Kuwaiti industry suffers from the reluctance of Kuwaiti citizens to practice industrial professions, as well as non-availability of the necessary skilled national labour force for industrial development.
4. The local market is limited due to the small population and it is difficult for it to accommodate major industrial products.
5. The Kuwaiti industries lack a marketing base abroad which could be created via common projects to be established abroad.
6. Kuwait lacks raw materials in Kuwait except for oil and gas, and some raw materials that can be used in construction.
7. Increase of the productive capacity of the labour force in the factories was reflected in the high costs of production, which led to difficult competition in the local markets and international export markets (KISR, 1999).

4.4.3 Industrial sector growth factors

A set of incentives have been provided by the State to the industrial investor to encourage it and guarantee the survival and continuity of industrial projects. The most important incentives provided by the State in this respect include:

1. Industrial protection and encouragement incentives:

These include post and pre-investment stage incentives. These incentives represent the services provided by the state in providing all the data, information and consultants required by the industrial investor. Further, it has established a system for

protecting local industrial products from foreign competition. This system includes obligatory conditions intended to encourage industrial installations to develop the specifications of their products using the Kuwait Quality Mark and to observe the Kuwaiti, Gulf or international standard specifications.

2. Industrial areas:

The government allocates industrial plots for industrial investors in the different industrial sites that have been specifically prepared for this purpose. These plots are rented for nominal value amounting to Fills 200 per square meter. Further, factories are supplied with cool water for Fills 5 per cubic meter and fresh water for Fills 0.6 per each gallon. The cost of electricity ranges between Fills 1-2 per 1 kilowatt/hour. The number of industrial areas that have been set up by the State is more than 12 with a total area of 35.1 million square meters. The industrial installations are concentrated in the areas that are close to Kuwait City, such as Shuwaikh Industrial Area where 35% of the industrial installations are located.

In spite of that, but there is a scarcity of industrial land as well as obstacles in the provision of industrial land for industrial investors, due to bureaucratic and slow procedures of government agencies involved in the provision of industrial land and building industrial zones and the provision of infrastructure in those areas, which led to the departure of some industrial investments to neighboring countries such as Saudi Arabia and the UAE.

3. Customs exemption:

The government, represented by the Public Authority for Industry, exempts licensed industrial installations from duties on imports, including machinery, equipment, spare parts and raw materials. Further, the exports of the local industry are also exempted from all export fees and taxes. This exemption is considered as one of the most important incentives rendered by the State to local industries.

4. Labour force training:

The State has always been concerned with training and pre-qualifying the labour force, since the 1950s when it established vocational training centers, followed in 1982 by the Public Authority for Applied Education & Training, which undertakes training of national cadres in different fields.

Still a large part of the work force working in the private sector is foreign labor, which represents 90% of the work force, mostly marginal labors, whereas the national employment is concentrated in the government sector, which represents 94% of the labor sector.

5. Industrial finance

The State provides industrial finance to industrial investors, in addition to other support and protection, in order to encourage the private sector to invest in industry. In this respect, the Industrial Bank of Kuwait was established in 1972 in order to encourage industrial development. The bank has always provided finance to industrial projects, in the form of medium and long-term easy loans or participation in the capital of industrial projects.

There are a lot of ingredients for progress in the manufacturing sector in Kuwait, the most important being the abundance of liquidity and the presence of a large number of local investors and businessmen as well as the availability of energy, infrastructure, roads, and transportation, etc., but also many challenges, the most important of these being the fierce competition faced by Kuwaiti products by imported products, in addition to the scarcity of trained national manpower. The President of the Chamber of Commerce and Industry of Kuwait on Ali Al-Ghanim (2005) said that the reality of the industry in Kuwait is a minimum of ambition. Most of the studies carried out individually or in cooperation with foreign research bodies and international agencies concluded that industrial activity is of strategic importance to Kuwait's economy. The reality is that industry in Kuwait still lacks a clear vision that guides its direction and promotes its career. Issues to be addressed include the weak performance of production and marketing, the need to develop a strategic vision for manufacturing industry, an orientation towards export industries, the development of effective national products, the development of industrial management of the public and private sectors, and the allocation of appropriate budgets for research and development and improving the standard of quality.

4.5 Summary

In this chapter, a broad view has been provided of the environment of Kuwait. This began with an outline of the most important geographic features of Kuwait, the historical background, location and area, population, and development of social and cultural life. Furthermore, an analysis was provided of the Kuwait economy. Finally,

more particular attention was given to the industrial sector in Kuwait as being the area on which this study focuses.

Following from this background, the next chapter will focus more specifically on Small Business in Kuwait, to establish the background against which the present research took place.

CHAPTER FIVE

SMALL BUSINESS IN KUWAIT

5.1 Introduction

No matter how much financial reserves or outside investment returns or accumulated money deducted in boom years the Gulf Cooperation Council (GCC) countries have – including Kuwait - this would not be a substitute for establishing a renewable production base, which will be capable of extension and development, and would turn these economies from return- based economies-relying on public expenditure– to productive economies geared with the various private sector businesses (Gulf Industrial Consultations Organization, 1994).

From this perspective, the development of the private sector and small business, as well as expanding and developing their structures, is one of the most important goals of social and economic development, which will contribute in achieving the desired economic and social stability. For despite the rapid technical progress, through the years following the first and the second world war, and the wide spread of large business for large-scale production-with their horizontal and vertical expansion-and with all the industrial cities established, small projects remain, which may not be competitive with large business, yet are integrated with them in many economic activities (AlNagar, 2000). This chapter discusses the development of Small Business in Kuwait and the organizations supporting the Small Business in Kuwait.

5.2 Small Business in Kuwait

There have been some serious attempts to establish small business in different economic sectors during the last few years, and they had a prominent role in the economies of the Gulf Cooperation Council countries in general, and in Kuwait in particular. During the second part of the twentieth century, these businesses co-existed with the large oil industrial business, which emphasises their important role in the economic activities (Saudi Conclusive Services House, 1994). However, small business in Kuwait has received attention in the last five years after several failures of financial assistance programs directed toward new small businesses (Al wagayan and Alshimmiri, 2010).

What is worth mentioning here is the fact that small businesses, in the Council countries as well as in Kuwait, depended on public expenditure and direct government patronage. It is a well known fact that we live in a transitional period. After 2005 we witness the results of applying the terms of the World Trade Organization (WTO) in all economic activity (including small business) for countries and members in the organization, and Kuwait is no exception. Businesses that enjoyed the advantage of their closed local markets will find out that globalization and its related rule of no trade barriers would expose them to international competition. So, they have to adjust according to the requirements of the new world order and to face the new competition with similar foreign small businesses that may have competitive advantages not available for the local small business.

Kuwait is no stranger to the prospect of encouraging small business and its experience is still new. However despite all efforts exerted during the eighties, it has not

gone beyond the wishful thinking stage. Small business represents just a portion of the private sector activities in Kuwait.

Believing in the great role played by small business in the nation's economic and social development, Kuwait gave due attention to SBs, predicting that they would help to solve unemployment problems through their capacity to employ Kuwaiti youth. Therefore, the Kuwaiti government, through its representative institutions, together with government banks and commercial banks, support and finance these types of business. This support is provided through financiers, regulators and supporter institutions, as the following table illustrates.

Table 5.1 the organizations supporting small business in Kuwait

Serial	Institutions	Main Role
1	Public Authority for Industry	Supporter
2	Kuwait Company to Develop Small Projects	Financer
3	Kuwait Industrial Bank (portfolio for financing handcrafts and small business)	Financer
4	Kuwait Chamber of Commerce and Industry	Supporter
5	Kuwait University	Supporter
6	Public Authority for Applied Education & Training. (Shuwaikh Incubator)	Supporter
7	Ministry of Commerce and Industry	Regulator
8	Workforce Restructuring program and National Executive Board.	Supporter
9	Commercial banks and investment business in Kuwait.	Financer

Source: Prepared by the researcher.

The institutions that support small business in Kuwait, like others in different countries, have not agreed upon a unified definition of the small business. Hence, we find that the General Industry Board defines a small project according to the number of employees, which should not exceed 40, while the Trade and Industry Ministry and the

Kuwait Chamber of Commerce and Industry define the small project as one which employs fewer than 10 workers. The same also applies to capital for whereas the General Industry Board, the Trade and Industry Ministry, and the Kuwait Chamber of Commerce and Industry define a small project as one with capital from 50,000 to 250,000 Dinars (1 Dinar = \$ 3.3), the Kuwait Industrial Bank and the Kuwaiti Company to Develop Small Projects, identify a small project as one whose capital does not exceed 500,000 Dinar. Also there is no coordinating between the organizations supporting small businesses in Kuwait with each one of these organizations working independently from the other. Where efforts are scattered among different organizations related to small businesses, this forces investors to deal with several organizations to start his small project. Currently, there is a proposed study of establishing one organization to include all activities related to these projects (funding, support, legislation) to be in one place.

5.2.1 Public Authority for Industry (PAI)

It was established under industry law number 56 in 1996. The aims behind establishing it were:

- Encouraging, developing and protecting local industries.
- Expanding the industrial and crafts production bases.
- Diversifying sources of national income.
- Supporting, developing, and encouraging the production of strategic goods required for national and food security.
- Preparing the climate to attract more technically skilled national work force.
- Supporting, developing, and encouraging crafts industries.

Deepening industrial awareness of citizens and emphasizing the positive role of industrial development.

- Coordinating existing industries and ultimately establishing them on a wider range, including all Gulf Co-operation Countries.
- Strengthen the industrial cooperation with different countries and international organizations to provide expertise and information required for national industrial development.

PAI is responsible for preparing industrial activity and developing it by setting a plan for industrial development, also suggesting locations for industrial and crafts zones and preparing the zones infrastructure. It gives due care to industrial business and to small business in particular. This is clear in the establishment of a department for craft and small industries development, with the aim of developing and encouraging small and crafts industries to increase their share in the national industrial product. It also encourages citizens to establish private businesses to alleviate the burden of the government.

Based on the ministerial decree Number H.S. 17/2000, concerning the division of establishments into small and medium and transformation of some crafts into small establishments, small business was defined as every industrial activity that has traditional production, with the tools being used manually, small production lines with limited production capacity and small capital that ranges from 50,000 to 250,000 Dinars.

Privileges given to small business include:

- 1- Certificate of origin for the national product.
- 2- Privilege of governmental purchases according to the laws and regulations currently in force.
- 3- Obtaining industrial units for the small business in areas specified for them.
- 4- Tools and primary equipment are duty free.

PAI has set conditions to obtain a license for a small project. Among these conditions are that the capital invested ranges from KD 50,000 to KD 250,000 and the number of employees should not exceed 40. Also, there are documents required when applying, including identification card, price list offer and catalogues for the tools, and a fee of 50 Dinars is payable. PAI studies and evaluates the small project according to its own criteria.

In addition to licenses given by the authority to small industrial businesses, it also issues licenses to large industrial businesses and craft industries, as the following table indicates.

Table 5.2 Number of Industrial Licenses According to the Type of Industrial Establishment

Type of industrial establishment	Number of industrial Licenses	Capital invested Kuwaiti Dinar	Employees criteria
Large industrial establishment	1118	More than 250,000	Open
Small industrial establishment	776	From 50,000 to 250,000	Less than 40
Crafts industries	4310	Less than 50,000	Less than 10

Source: Prepared by the researcher, based on the data from the Public Authority for Industry Sep. 2010.

The above table illustrates the small number of small industrial establishments that have been given licenses, since they represent 18.5 %, in comparison to the large industries. Also the crafts industries represent 68.6% since the issue of their licenses is easier and does not require feasibility studies as is the case with licenses given to small industrial establishments which represent 12.9%.

Aspiring small business owners and entrepreneurs require from PAI to provide them with more attention and care through the establishment of business incubators for the care of their projects, of new industrial land and the provision of private small enterprises in the new industrial areas.

5.2.2 Kuwait Company to Develop Small Projects

The company was established in February, 1996 with a capital 100 million Dinars (about 224 million pounds sterling), withdrawn from the public reserve account. The General Investment Association runs the company as a representative of the Kuwait government. It is a closed associate corporate company whose task was specified in the authorized established system in 4 / 2 / 1997. The aims of establishing the company, as stated in the fourth item, are (AlSultan, 1999):

- Establishing or sharing in small and medium business dedicated to develop various industrial, commercial, professional, and crafts sectors.
- Aiding in developing the technical skills of the employees, and encouraging them to participate in the small and medium business the nation requires.
- Aiding in providing work opportunities for Kuwaiti youth.
- Helping in developing small, medium, and crafts business in conjunction with Kuwaiti people.

- Studying small and medium industrial, commercial, craft, and professional business that is useful and serves the developmental needs of the nation, as well as calling on national employees and encouraging positive attitudes towards such business.

In order to achieve its purposes, the Company started participating in some small businesses, on the basis of sharing in the capital, not completely financing the project. This situation prevails until the project succeeds then the Company sells its share to the partner, after it has gained experience in marketing and production. This sale may be done with facilitating terms and a pricing policy in favor of the partner (the same method has been used in Oman).

The Company initiated two other businesses to foster the entrepreneurial spirit among Kuwaiti youth and as a primary entrance to self-employment. The first project was "the Capacities Takat' project, based on the company installing some booths for sale of goods, giving them to students during the summer vacation for 150 Dinars. The income was divided into 60% for the youth and 40% for the Company, the latter's share being only to cover expenses. This project was relatively popular. Ten booths were opened in 1998, with 50 youth participations then 13 booths in 1999, when 55 youths took part. The aim of this project was to hatch new young investors who would be able to handle the realities of the business world. The work duration was six weeks between 4 and 11 p.m. daily.

The second project was "Business incubators", in association with the Public Authority for Applied Education & Training for those who did not have cash to share in a project with the Kuwaiti Company to Develop Small Projects. This project was

considered a means of entry for graduates of applied learning, to benefit from their knowledge and expertise.

The Company aims at developing various service sectors in the country through encouraging individual initiatives and the professional practice of work and business. Also, by financing and supporting the technical skills of the citizens and encouraging them to be self-employed and run small businesses (Al-Jassar, 2003).

The Company sets some conditions that should be satisfied in the small business owners before it agrees to finance them. These conditions are:

- The project owner must be Kuwaiti.
- The project owner should not be less than 21 years old (no ceiling has been specified).
- Previous experience in the proposed project is essential.
- The capital of the project should not exceed 500,000 Dinars (about 1,116,000 pounds sterling).
- The contribution of the project's owner and his partners should not be less than 50%.
- A five-year plan is set for withdrawal of for the Kuwaiti Company to Develop Small Projects.

In addition to these conditions, the Company requires some documents from the project owner, before participating in the finance; a testimony from Social Insurance about the validity of the documents, and a working plan with a feasibility study that covers the economic, technical, and administrative aspects of the project. Participation takes the shape of decreasing partnership and the Company withdraws in five years.

As part of its efforts exerted to encourage small industrial business in Kuwait, political leadership has paid special attention in diversifying sources of income, and to encouraging and supporting small industrial businesses and creating work opportunities for Kuwaiti youth, especially after the spread of masked unemployment among young people seeking work, whether university graduates or not. Some official bodies have contributed in this area by proposing business and suggestions. Among these are Kuwait Industrial Bank, the Chamber of Commerce and industry, etc.

It is still because of the company's lack of ambition, despite the great capital of the company, which amounts to 100 million Dinars (about 224 million pounds sterling), that the number of projects funded is so few. Al Sana'a Mutlak, (2009) president of the company said that during the ten years there have been funded 43 projects and that there are 7 new projects, and this number is very few.

5.2.3 The Kuwaiti Industrial Bank (Crafts activities and small business financing portfolio):

The Kuwait Industrial Bank (KIB) was established in late 1973, with an initiative from the Kuwaiti government. It aims at encouraging industrial development in Kuwait through contributing in developing a long-term strategy for industrial development in Kuwait, active participation in the ownership of new business, to medium and long-term lending and providing loans for expansion of established businesses.

Due to the increasing importance of the crafts and small business in Kuwait, and since traditional financing instruments do not finance small projects; the need emerged to find alternative techniques. After extensive studies and research, law number 10 of

1998 was issued, declaring the establishment of a money portfolio at KIB with a value of 50 millions Dinars (112 million pounds sterling), for twenty years, to finance craft activities and small business for the Kuwaiti people.

This portfolio reflects the general direction of the Kuwait government in restructuring the Kuwait workforce in such a way as to alleviate the burden of the country in recruiting graduates, through creating opportunities for them. The aim is to aid Kuwaiti youth who desire to establish productive businesses by opening marketing channels for them. In order to obtain finance for crafts activity and small business, certain conditions must be met by the client. They include the following:

- The required licenses to practice the activity must be obtained from the official boards.
- The financed person should be Kuwaiti and in case of companies all partners should be Kuwaiti.
- The owner of the small project should have no other attachments and should have practical experience in the field of the project.
- Priority in financing is for university graduates of the scientific institutes and applied schools.
- A two-year period is given before repayments become due on a loan for project expansion and three years for a new business.
- The total amount invested should not exceed 500,000 Dinars.
- The finance of the portfolio should not exceed 250,000 Dinars, and should not be less than 5,000 Dinars.
- Profit calculated on the Portfolio's finance is 2.5 %.

The Portfolio uses some Islamic monetary tools such as partnership, profit-sharing, and management. The person asking for financing should insure on the financial assistance in favor of the bank. The insurance could be limited to the production and repaying delayed tools with the right to withdraw the short term finance. The guarantee is calculated based on the evaluation of fixed and movable project assets. It might be acceptable to present additional guarantees if the value of other guarantees falls to less than the financed amount. The bank has encountered many difficulties that undermined the role of the Craft Activities and Small Business Financing Portfolio. Among these are:

- Lack of needed technical and managerial experience to start a project on the part of the youth.
- Lack of enough capital to start the project before resorting to the bank.
- The competition faced by graduates of technical institutes and the University from imported workers.
- Prolonged, time-consuming routine government procedures in issuing licenses to practice various activities.
- Lack of spaces to establish business and high rents.
- Negative social image of small business.
- The availability of governmental jobs.
- The lack of enough guarantees that the bank would recoup the money invested, since the value of tools and equipments for small business is low.
- The difficulty for the bank of providing technical, managerial, and technological assistance to the new investors in the small business, since training is the responsibility of Universities and training institutes.

The Craft Activities and Small Business Financing Portfolio provides subsidies to the activities of the Kuwaiti nationals in the activities of craft business and small projects in which the size of their assets is not more than KD500,000. During 2009 the portfolio could finance 64 projects in different sectors. The investment cost of these projects was KD7,030 million while total finance of the portfolio was KD4,934 million. Finance to total cost represented 70%. The number of projects financed during 2009 is equivalent to those financed in 2008 while there was a decrease in the size of finance during 2009 at 11.9% compared with 2008.

5.2.4 Kuwait Chamber of Commerce and Industry

The Chamber is considered a public utility with independent identity. It was established in 1959. The Chamber reflects the views and expectations of Kuwaiti project owners, defends their interests and organizes their internal and external relationships. The revenue of the Chamber consists of the fees for its services and the subscriptions of its members, without any governmental subsidies. The Chamber takes part in many of the official meetings and forums that interest its members. Recently, the Chamber has pointed out the importance of small business for the Kuwaiti economy (Abdulqader, 1999). It is of economic importance, since the work market in Kuwait receives, every five years ten thousand newcomers looking for work. Under the current circumstances of public finance, the hope of accommodating these newcomers rests in small business industries. Small business, according to the Chamber, also has social importance, since the spread of small projects, owned and managed by owners, creates a clear understanding of the potentialities of the society, as well as its economic needs. It also reflects the concept of a free economy and helps in the creation of balanced continuing relations among different groups in the society.

The Chamber has contributed by holding training courses and workshops to qualify Kuwait youth for self-employment in general, and small projects in particular. This was done using the expertise of the Public Authority for Applied Education and Training, Kuwaiti University, and other learning and training institutes, in return for small fees to ensure seriousness and commitment on the part of the participants.

The Chamber does not perform the role required to support and encourage small businesses, but its role was limited to the establishment of training courses, and hopefully in the Chamber are various activities that support this type of project.

5.2.5 Kuwait University (Entrepreneurship Development Programme)

In a move to enhance the government's new policies and institutional reforms aimed at moving away from the oil-based economy, the Dean of the College of Business Administration (CBA) issued a decision on 1 / 1 / 2003 to establish a new unit called the "Entrepreneurship Development Programme" (EDP). This unit was to be under the umbrella of the Center of Excellence in Management (CEM) at CBA. The main goal of the EDP is to assist the government efforts in creating employment opportunities, especially for the large pool of young people starting to enter the labor market. This is achieved mainly by spearheading the entrepreneurship development movement in Kuwait by the activities undertaken by the EDP. On this basis, the main objectives of new EDP are:

(a) Training a group of university professors, staff, consultants, and staff of institutions dealing with SME development programmes. This training (conducted by the UNIDO) is aimed at establishing a body of professional consultants who can provide high-quality consultation to the new entrepreneurs at their start-up.

- (b) Preparing a new breed of highly-trained entrepreneurs to guide their small businesses with a high probability of success. This training is conducted by the professional consultants accredited by the UNIDO.
- (c) Providing consultation to small businesses in Kuwait when difficulties arise or when expanding their business concerns.
- (d) Establishing a new business incubator at a proper location in the premises of the university on a large landscape (not less than 5000 SM.). This incubator will be financed by different parties that have a relation to the development of small business enterprises.

This program did not provide much in the area of support for small businesses, except to provide some training courses and participate in some forums that interested small businesses, due to the weakness of the financial resources of the program.

5.2.6 Public Authority for Applied Education and Training

(Shuwaikh Incubator)

A comprehensive preparation center for the principles of establishing small private business, it was established in 1982 with the task being to develop human resources to build Kuwait and to provide a national workforce developed enough to overcome the deficiency in the national technical workforce and to supply the developmental needs of the country.

In line with the responsibility of the Authority preparing technical workers in Kuwait, it established a specialized committee to study the project of the "Comprehensive Preparation Center for the Principles of Establishing Small Private

Business". The center aims at increasing the work opportunities for graduates of technical institutes and university in the private sector, encouraging the personal initiatives, as well as helping youth to establish small businesses and eliminate the psychological and social barriers that confront those youths. Also, spreading the culture of self-employment and self-dependence rather than relying on government jobs (Al-jassar, 2003).

The idea of the project is carried out by small business incubators, which in turn achieve many goals (Al-Mudaf, 1999), amongst them being:

- 1- Providing work opportunity and needed support for the success of the business.
- 2- Developing innovative ideas, especially in advanced technological fields.
- 3- Diversifying the field of local economic activities.
- 4- Providing means of communication with financing and technology sources.
- 5- Creating chances to develop small projects in conjunction with other businesses in the incubator.
- 6- Choosing quick-growing and successful businesses.
- 7- Providing technical support for the local business community.

The project's idea depends on what is known as "small business incubators", an idea which has been successfully applied in many countries all over the world. This increases the chance of a small project's success by more than five times the usual rates (Al-jassar, 2003). The idea of the project rests on the following pillars.

- 1- The nominated youth should have the basic skills and abilities in the project's field and this condition is applicable to the graduates of the Public Authority for Applied Education and Training.

- 2- Training the candidates on managing the business on an economic basis to ensure the growth and profit to repay the financial liabilities.
- 3- Providing a suitable credit mechanism to grant easy-terms loans to the youth.
- 4- Providing technical support for established projects, especially during the starting years of project operation, to ensure success.

The Authority holds a conference on "Small business support and development", as a means of raising the youth awareness of small business and its role in increasing the income and the national production, as well as providing work opportunities for Kuwaiti youth. The conference also sheds light on the role of incubators in providing the opportunities and the right environment to support the small project's owner, technically, managerially and market-wise.

The Authority has established only one business incubator, the Shuwaikh incubator, and hopefully to establish other incubators in different areas of Kuwait, yet the large proportion of incubator graduates go to work in the government sector and not into self-employment in market sector of Kuwait.

5.2.7 Ministry of Commerce and Industry

The aims and responsibilities of the Ministry of Commerce and Industry are as follows:

- Organizing internal and external commerce activity, holding local fairs and participating in foreign fairs.
- Supervising commercial companies, commercial registration activities, and public commercial shops according to the laws and regulations.

- Organizing the affairs of the stock market and monitoring the stock exchange.
- Securing necessary goods at suitable prices and providing the country with its needs.
- Developing and promoting national exports to the international markets and coordinating Kuwaiti relationships with foreign countries and with Arab as well as foreign organizations in the commercial and industrial fields. The ministry is the organization responsible for issuing all types of licenses to all commercial shops and installations.

There is only a limited role for the Ministry of Commerce and Industry to issue commercial licenses for small business, and there is no other support from the ministry for these projects. Also the organizational structure of the ministry does not include an organizational unit to support the development of small projects.

5.2.8 Work Force Restructuring Program and National Executive Board

This was established under the council of ministers decree Number 767 in 5/10/1997. Its mission was to seek effectively to restructure the job market, increase the percentage of Kuwaitis in the total workforce and assure their contribution in the production process, especially in non-governmental fields. Also, it aims to prepare the climate and the means to increase the ability of the private sector to accommodate the national employees to maintain unemployment at its lowest possible levels. Another task is to improve the performance of the governmental sector to enhance its productivity, as well as upgrading the quality of services rendered to the citizens, through comprehensive managerial development, with the government being kept at the lowest capacity consistent with distinctive performance.

The programme has established a center to support and develop small and medium businesses to receive the initiatives of small and medium business owners. The center tries to support small and medium business through:

- Holding specialized training courses in the field of small business to help executing feasibility studies for small business.
- Holding conferences, forums and fairs for those interested in small business, in addition to participating in international fairs in the field.
- Assessing financing projects through financing institutions and banks in Kuwait.
- Providing national workforce if required.

The center has established some bases and general rules to register small business (new and existing). Among these are:

- The applicant must be Kuwaiti and the project's activity is legal.
- The project's capital (other than land) does not exceed 250,000 Dinar.
- Privilege is given to businesses recruiting and managed by Kuwaitis.
- Businesses run from home are accepted, to provide working opportunities for women.
- Scientific or economic studies should be presented to support the project's chances.
- The program encourages establishment of small businesses in partnership, as well as franchises and agencies.

5.2.9 Commercial Banks and Investment Companies

5.2.9.1 Commercial banks:

The banking sector in Kuwait has witnessed a high growth during the last two decades, to become one of the main pillars of the Kuwait economy. Banks in Kuwait could be divided into:

1- Specialized banks:

There are three and their operations focus on medium and long term loans to develop the building and industrial sectors. They are:

- Lending and Saving Bank.
- Industrial Bank in Kuwait.

2- Commercial Banks:

- Kuwaiti National Bank.
- Gulf Bank.
- Kuwaiti Commercial Bank.
- Kuwait International Bank.
- Alahay Bank
- Al ahly Almotahed Bank.
- Burgan Bank.
- Bahrain and Kuwait Bank.
- Kuwait Financing House.
- Bobyan Bank.

These banks provide finance for small or large business. The types of finance differ from short to medium or long term and also they differ depending on whether these loans are secured or not. This is based on the firm belief of the banks in the positive role played by the small business in developing the Kuwaiti economy.

Some banks have established banking units to serve small projects such as:

- Kuwaiti National Bank, which established a banking department for small business to satisfy a certain sector of the local market, that is, small commercial activities with

annual income below 5000 Dinars, with the aim of developing the local market through supplying the financial needs of its customers of small project-owning customers through all stages of the project.

- Burgan bank, which has a Small Project Unit to provide their specialized banking service for small business. These facilities amount to 100,000 Dinars and include different commercial services like loans and banking. A specialized cadre manages this unit and they are keen on satisfying the needs of the clients and providing all sorts of consultation and all types of help needed by small business owners.

5.2.9.2 Investment companies:

These companies provide commercial finance and credit facilities for their clients, in a way similar to commercial banks. During the last few years, some financial companies, especially those working according to Islamic laws, have ventured in to direct investment with investors in economic business, with profitable results. Such companies include Ayan Investment Company, International Investor Company, Financial Stock House Company, International Finance, and other investment companies. The adoption by these companies of such policies is the result of September 11, and the return of a lot of national capital from abroad, and the increase in BOT (Built, Operate, and Transfer) in Kuwait with its resulting economic revival in the real-estate and the services markets after liberation from Iraq and the increased confidence in the local market.

Investment companies, when financing different businesses, including small business, adopt financing terms and conditions similar to those of commercial banks, in relation to the lending process and awarding of credit. As for partnerships, these

companies have more tight conditions. For example, Ayan Company specifies a profit of not less than 25% in the first three years of project operation (Financing and Credit Insurance Team, 2005). These conditions are obstacles to the establishment of small business.

Expected from the banks and investment companies is more attention and support for small businesses. It is still difficult to set the terms on the financing of these projects, since it is still considered that small projects are as untrustworthy credit. There are also some banks and investment companies in Kuwait which do not have units specializing in care for small businesses.

5.3 The challenges of small business in Kuwait

From the previous review of the small business literature, the experience of some developed and underdeveloped Arab countries, as well as from the Kuwaiti experience, we can summarize some of the challenges facing Kuwaiti small business. These challenges are:

- 1- The dependence for economic development on oil as a basic component. Despite calls for diversifying the economic base for more than three decades, oil is still the predominant factor in the economic activity.
- 2- The lack of a clear vision within a long-term Kuwaiti strategy that clearly specifies the roles of private as well as public sectors, and sets the role of small business in the context of the role of the private sector.
- 3- Globalization and Kuwait's membership in the World Trade Organization and their effects on small Kuwaiti business, with the expected competition. The fear arises from

the fact that globalization might force measures in the near future (2005– 2010) that might not be in favor of small, medium, and large business alike.

4- The care given to raise the skills of small businessmen through teaching programs and training as well as increasing their awareness of small projects' ability to employ people.

5- The change occurring in work-associated values among youth and the Kuwaiti community alike. The welfare state with its distinctive features have brought about some negative values related to work, for a loan to start a business is not a gift and the project requires full-time commitment. Projects need scientific feasibility studies and not just wishful thinking. Self employment in the developmental concept is more rewarding than civil service (here it is worth noting that the number of civil employees amounted to 103,000 in 1990 and reached 200,000 in 1998).

6- Specifying a time limit, after which the young investor decides, based on clear economic parameters, guided by the market mechanism, without depending on the unjustified government support.

7- Care to raise the quality of the production packages, and trying to meet the requirements of international competition.

5.4 Summary

This chapter has discussed the small businesses in Kuwait and the main organizations that support these projects in Kuwait. There are nine organizations that support small business, divided to financing organizations, support organizations, and regulatory organizations. This indicates that small business owners have to deal with several organizations to satisfy their licensing and financial requirements

This chapter completes the theoretical foundation of the thesis. In the next chapter, the methodology applied in the empirical investigation is explained.

CHAPTER SIX

RESEARCH METHODOLOGY

6.1 Introduction

The present chapter delineates the research methodology. The research design and hypotheses are set out, and the methods used to gather data explained. The research population is identified and sampling procedures explained, and then the procedures for questionnaire administration are reported. Validity and reliability issues are considered, and the statistical methods used in data analysis are explained.

6.2 Research Design

Many definitions are cited in regard to research, that center on its being a means of thorough and accurate investigation conducted to discover new relationships, besides refining or validating existing information. In other words, research is an attempt to generalize concepts and symbols (Bader, 2005).

Al-Lahllah and Abu Bakr (1998) identified research methodology as the path taken by a researcher to recognize the issue or phenomenon examined, thereby revealing related facts so that answers are reached for the questions raised. This is achieved through the use of a set of tools to gather data, to analyze them, and reach a number of conclusions that help answer the research questions.

Oppenheim (1992) emphasizes that the research design refers to the basic plan or strategy of research and the logic behind it, which will make it possible and valid to draw more general conclusions from it.

Among the important issues to be considered is the realization by a researcher that selection of the methodology used is not an objective by itself, as there is no specific methodology that enjoys absolute advantages. The researcher's success in applying the selected methodology relies heavily on clarity of the methodology features, how it is implemented, and the ability to define research steps, gather data and information, establish hypotheses, and test them using the methodology selected (Al-Lahliah and Abu Bakr, 1998).

6.3 Research Hypotheses

Design of the research plan includes developing research hypotheses. A hypothesis is simply a preliminary assumption whose validity is to be tested. A researcher should believe in the validity of hypotheses developed, as the major aim behind setting such hypotheses is testing them. Such belief would eventually show the level of matching between hypotheses and facts. Hypotheses are developed based on the past experience of the researcher, along with studies conducted in the same domain and related literature. Moreover, theories and general principles help reach logical conclusions that should lead to a certain interpretation of the phenomenon under investigation. Developing hypotheses within the research plan design is useful in guiding the research effort to preclude diversion of thoughts, while drawing sound means for testing the derived hypotheses. Moreover, the research problem is thus simplified because it is now subject to a series of organized hypotheses (Heigan, 1992).

(Bader, 2005) emphasizes that the hypothesis is simply an assumption neatly formulated for temporary adoption by the researcher to explain certain facts or phenomena emerging, thus it functions as a guide throughout the conduct of the research.

Hypotheses are of great importance to scientific research, to the extent that some argue for the introduction of a scientific interpretation or a proposed solution to a problem initially based on past studies or the material being compiled by the researcher. There seems to be an agreement on the functions performed by hypotheses in scientific research (Goma'a, 1999):

- 1- The scientific hypothesis helps in determining the direction of the study.
- 2- The scientific hypothesis helps in showing relevance of facts to the topic of the study, as it provides the framework governing the flow of needed information.
- 3- Hypotheses show the generalizability of study results through the determination of appropriate procedures and methods for picking out the right solution to the research problem.

The main objective of the current research is to identify the success factors of small projects in the state of Kuwait. To this end, problems facing these projects are identified, for example funding, marketing, administrative, or legal ones, thus finding answers to such problems. The research hypotheses can be summarized as follows:

- 1- There are no significant differences between the views expressed by the different segments of population on problems facing small projects in the state of Kuwait.

- 2- There are no significant differences in the views expressed by the research population on the success factors needed for small projects in the state of Kuwait.
- 3- There is no significant relationship between the problems facing small projects in the state of Kuwait and the success factors of such projects.
- 4- There is no significant relationship between the problems facing small projects in the state of Kuwait and the continuation of these projects.
- 5- There is no significant relationship between the success factors of small projects in the state of Kuwait and level of profits made.
- 6- There is no significant relationship between level of achieved profits and the continuation of the projects
- 7- There are no significant differences among the research population on problems facing small projects by industry sector.

6.4 Research Method

The data gathering stage is considered a major step in a scientific research effort. This stage needs extra care by the researcher or data collector with thorough planning contributing to the envisioning of data sources in terms of the quantity and quality that would be needed to provide support for the research effort. The way the data needed are defined and compiled has a great impact on the validity of results, and on the research hypothesis testing. A number of problems face the researcher during the data collecting process, some of which are to identify the required information sources suitable for the provision of this information, and to select the most appropriate methods to be used to collect these data (Al-lahliah and Abu Bakr, 1998).

Heigan (1992) argues that, regarding the data collection process, there is no single method that can be classified as the best, as there are various factors to be considered when deciding on the appropriate method to collect data. Among these considerations are the objectives of the study, the target group, geographical location and type of questions to be answered, as well as the available resources.

Before the selection of a specific tool for gathering data in the present research, the researcher reviewed related literature on managerial paths and cross cultural studies. In addition, the results derived by the researcher due to the examination of industrial sectors have been classified. Consequently, it has been found that the required data can be obtained through the use of a questionnaire to be filled out by owners and managers of small business projects in the state of Kuwait, as well as another form to be filled out by officials in charge of supporting small businesses.

A questionnaire, as an empirical instrument, may be inefficient if badly designed and implemented, but a skilled researcher can obtain large quantities of valuable data with it even for complete problems. It has been said that a well written question invokes a good answer. In general, the following are the common advantages that may be obtained from the use of a questionnaire (Al-Hadi, 1995):

- 1- Cost reduction of data gathering process.
- 2- Access to a larger population of respondents scattered in different locations, which would be impossible with interviews.
- 3- Greater levels of freedom and opportunity to answer the listed questions at times more convenient for the respondents.

- 4- No need for a large number of data collectors, unlike the situation when conducting interviews.
- 5- Possibility of receiving sensitive or embarrassing data that might not be given in interviews, as respondents may feel more comfortable answering in privacy and anonymity.
- 6- Elimination of certain biases shown during interviews due to the analysis of questions by the researcher.
- 7- Easy analysis of results derived from the statistical processing of responses, including by the use of computers, in the pursuit of greater levels of accuracy.

However, a questionnaire survey has some limitations that can be summarized as follows:

- 1- Lack of accuracy due to inadequate data or errors by respondents.
- 2- Response rate is usually low.
- 3- The selected sample may not adequately represent the investigated community.
- 4- Some of the questionnaire forms may be lost due to problems with mailing or other distribution and collection procedures.

6.5 Questionnaire Design

A number of steps and procedures are required to ensure accurate data and information provided by questionnaire lists. A questionnaire list is defined as “a list with questions officially prepared and prepared according to scientific principles to provide data that might serve the research or study in question” (Goma’a, 1999).

A questionnaire is considered a major means of collecting data on the ground through the identification of views and intentions expressed by the study population. The questionnaire depends on a list of questions that should be of great help to the research objective when carefully prepared. Poor preparation of such a list, or deficient data, may result in biased or faulty conclusions.

When questions for the questionnaire were being prepared a number of rules were considered, including (Al-Hadi, 1995):

1. Consideration was given to how necessary each question was and unnecessary questions were avoided.
2. Questions were designed to elicit accurate and specific answers from respondents, not guesses.
3. The questions had to be carefully phrased so that they would be fully understood by the respondents.
4. Lengthy or ambiguous questions were avoided.
5. Questions were arranged in a logical order.
6. Care was taken to avoid bias.
7. Researchers should employ back translation.
8. Researchers should avoid the use of certain figures of speech that may make the meaning unclear.

6.5.1 The contents of the current questionnaire

In order to identify the problems of small projects and success factors, two questionnaires were designed through a review of the previous studies that have been

mentioned in chapter one, to decide on the choice and derivation of the questions used in the survey. The current research used two questionnaire lists as follows:

6.5.1.1 Questionnaire list directed at the small project managers & owners, which includes:

- 1- Eight questions to elicit data on the owner or manager of a project.
- 2- Fifteen questions on the project qualities.
- 3- A table listing 9 bodies supporting small projects in the state of Kuwait; the respondent was asked to identify the body that would provide support.
- 4- A table indicating the size of labour force and financial data on the targeted sample during the period from 2000-2005.
- 5- Sixty-one questions on problems that may confront small projects. These included funding problems (19 questions), marketing (17 questions), administrative or organizational (14.questions), and legal (11 questions). Respondents were asked to evaluate the impact of such problems on the success of small projects.
- 6- Questions on stages experienced by the target projects (start up, development, maturity, and regression or declining), and on problems encountered during these stages.
- 7- Thirty-five questions on the success factors of small projects, and the impact of each factor, as viewed by the respondents, on the potential for success.

6.5.1.2 Questionnaire list directed at officials of supporting bodies, financiers, and regulators of small projects in the state of Kuwait.

- 1- Specify the type of support provided by such bodies to owners of small projects.

- 2- Question on financial and consultative assistance provided for the small projects.
- 3- Question on marketing and consulting assistance provided for the small projects.
- 4- Question on technical support provided for small projects.
- 5- Question on the administrative support provided by such bodies to small projects.
- 6- Sixty-one questions on the potential problems that may confront small projects: funding problems (19 questions), marketing problems (17 questions), administrative and organizational problems (14 questions), and legal and regulatory problems (11 questions). The questions also addressed the approval expressed by such officials and the extent to which they thought the problems affected the chances of success of small projects.
- 7- Thirty-five questions on the success factors of small projects and the impact of each factor, as viewed by respondents, on the potential for success of these projects.

6.6 Pilot Study

Measurement mistakes are considered to be the main source of inaccurate results obtained, and thus most researchers use reliability and validity tests to ensure the accuracy of measures taken and boost chances of getting effective results. The pilot study was conducted to test the questionnaire which would be used in this study, and to examine its efficiency for achieving the study objectives. In other words, the reasons for this pilot study test were:

1. To check the clarity of the questionnaire's items and that they were understood by respondents.

2. To determine the length of time needed to complete the questionnaire.
3. To measure the reliability of the questionnaire.

This pilot study involved three stages:

1. The researcher had meetings and interviews with some of the academic staff at Kuwait University.
2. The questionnaire was applied to 23 owners and managers working in small projects, and 9 questionnaires were applied to the officials of supporting bodies.
3. Participants were given the questionnaire instructions, and encouraged to answer all questions honestly and to indicate any difficulties which faced them in reading or understanding the questionnaire.

6.7 Population and Sample

Here the researcher reviewed the target population and sample, i.e. the owners and managers of small projects, and supporting bodies of small projects in the state of Kuwait. The researcher decided on small projects in the industrial sector, which is subdivided into nine sectors, since the researcher is working in the Public Authority for Industry and is charged with organizing and developing the industrial sector in Kuwait, whether these are large or small firms.

6.6.1 Population

The research population is comprised of owners and managers running small projects, along with supporting bodies in charge of providing support for these projects

in the state of Kuwait. The questionnaire was applied to various industrial sectors in Kuwait, with the sample being taken from nine sectors, using the equation described on page 6.12 and Table 6.1 (Size & Distribution of Sample). There is also another sample which represents workers in organizations supporting small projects in Kuwait, comprising nine such organizations.

6.6.2 Sample

The research sample comprises a number of officials running small projects in the industrial sector, along with a group representing the supporting bodies of small projects in the state of Kuwait.

To determine the sample size, assuming that the examined phenomenon is achieved at a level of 50% with trust coefficient of 95% (i.e. a tolerated error of 5%), is obtained thus:

$$\text{Sample size} = \frac{Z^2 \alpha / 2LM}{D^2}$$

Where:

$$Z \alpha / 2 = 1.96 \text{ at the trust coefficient} - 95\%$$

$$L = 0.5, M = 0.5, D = 0.05.$$

$$\text{Size of sample} = \frac{(1.96)^2 \times 0.5 \times 0.5}{(0.05)^2} = 384 \text{ items}$$

This may be corrected by the population of 694 by the equation:

$$n^* = \frac{n}{\frac{n}{N} + 1}$$

$$n^* = \frac{384}{\frac{384}{694} + 1} = 247$$

The relative distribution method was used to give out the questionnaire to owners – managers of small projects. Table 6.1 shows the sample size distribution for the different sectors (n. 247 forms), considering the relative distribution of project size within every sector.

Table 6.1 Size & Distribution of sample

Sector	Population	Sample
Food, beverages and tobacco	69	25
Textile & apparel & leather products	20	7
Wood industry & products	52	18
Paper products and publishing & printing	58	21
Chemicals & oil products	105	37
Mining & non-metallurgical products	122	43
Basic metallurgical products	26	9
Metallurgical manufacturers	145	52
Other finished products	97	35
Total	694	247

Questionnaires were distributed to the sample. 274 questionnaires were distributed and 202 were returned. However, these questionnaires were then carefully reviewed to ensure that they fulfilled the criteria for analysis. 15 incomplete

questionnaires were removed and 187 questionnaires were considered completed, which represents 75.7% of the total questionnaires distributed. There were 60 forms, comprising 15 incomplete forms and 45 not returned, and representing 24.29% of the total. The non-respondents questionnaires were not concentrated in a particular sector, but spread over the different sectors shown in Table 6.1, and which therefore did not affect the results of the study.

The sample of officials and staff of bodies supporting financing and legislating small projects in the state of Kuwait was chosen out of nine bodies assigned to perform such tasks. The sample consisted of 45 people that received the questionnaire forms, of which 36 responded, a response rate of 80%, while there were 9 forms not returned which represent 20%. Five persons were selected from each of the nine bodies.

6.8 Questionnaire Administration

The researcher distributed the form (which was in the Arabic version) to the target sample. Small projects were identified with the needed addresses extracted from records kept by the Public Authority for Industry. The geographical distribution of projects was considered, along with the classification based on activity. Thus, nine sectors received the forms, in total.

Supporting bodies of small projects received the forms based on activity and type of support, e. g. whether they were financiers, supporters or regulatory bodies.

A manual was attached to the questionnaire form, explaining the purpose of the research and objectives, and assuring respondents of absolute confidentiality.

6.9 Reliability and Validity coefficients

Cronbach's Alpha was used to determine the reliability of the questionnaire forms (reliability coefficient) to examine the generalizability of results. Table 6.2 shows that the coefficient values are within the acceptable values for the question items. Officials responsible for small projects in the state of Kuwait were provided with questions designed in a Likert scale format with values of consistency and reliability ranging from 0.387 for marketing problems to 0.899 for the legislative problems, and 0.622 to 0.948 for the third section of the questionnaire (Validity coefficient value $r = \sqrt{CC}$).

The questionnaire for financiers included seven dimensions with the consistency coefficient values ranging from 0.659 for organizational and administrative problems, to 0.943 for progress in providing administrative and consultative assistance. In sum, the majority of coefficient values showed reliable results thus making the research generalizable for future studies.

Table 6.2 Reliability and validity coefficients of the measures used in the questionnaire.

No.	Variables	Cronbach's Alpha	Validity
	Questionnaire designed for small project officials		
3-1	Financial problems	0.625	0.791
3-2	Marketing problems	0.387	0.622
3-3	Organizational and administrative problems	0.732	0.856
3-4	Legislative problems	0.899	0.948
5	Factors that help in success of small projects	0.739	0.860
	Financiers of small project questionnaire: type of assistance provided by supporting bodies to small projects	0.917	0.958
	- progress in marketing assistance and consultations	0.816	0.903
	- progress in technical assistance and consultations	0.342	0.918
	- Progress in providing administrative and consultative assistance	0.943	0.971
	- Financial problems	0.808	0.899
	- Marketing problems	0.751	0.867
	- Organizational and administrative problems	0.659	0.812
	- Legislative problems	0.740	0.86
	- Factors that help in success of small projects	0.910	0.954

6.10 Statistical Analysis Procedure

After decoding and transforming the data into the computer for data processing, the 12th version of the statistical tool SPSS was used to execute statistical analysis of the data as follows:

1. Reliability and Validity coefficients:

The reliability and validity coefficients of the measures used in the questionnaire (i.e. the dependant factor) were calculated. This was to investigate the extent to which we can depend on the results of the field study to generalize the results.

2. Cross-tabulation

Cross-tabulation is one of the simplest and most frequently used ways of demonstrating the presence or absence of a relationship in data analysis. Cross-tabulation was employed to indicate whether certain variables are associated with each other.

3. Non-parametric tests

Siegel and Castellan list the following advantages of nonparametric tests: If the sample size is very small, there may be no alternative to using a nonparametric statistical test unless the nature of the population distribution is known exactly. Nonparametric tests typically make fewer assumptions about the data and may be more relevant to a particular situation. In addition, the hypothesis tested by the nonparametric test may be more appropriate for the research investigation. Nonparametric methods are available to treat data which are simply classificatory or categorical, i.e., are measured in a nominal scale. No parametric technique applies to such data. They are designed to

be used with nominal and/or ordinal variables. Nonparametric tests make few or no assumptions about population parameters. The tests used were as follows:

A. The Mann-Whitney U Test

The Mann-Whitney U Test was used to compare the ranks of two independent groups, comparable to the purpose of the t test.

B. Kruskal-Wallis H-test (for independent samples)

The Kruskal-Wallis H-test goes by various names, including Kruskal-Wallis one-way analysis of variance by ranks (Siegel & Castellan, 1988). It is for use with k independent groups, where k is equal to or greater than 3. It is used to compare three or more independent samples with respect to an ordinal variable when the sample sizes n_i are large and all k populations have the same continuous distribution. H has approximately the chi-square distribution with k-1 degrees of freedom.

C. Spearman's correlation

Spearman's correlation was used to measure the range and direction of the relationship between two variables, whether it is proportional or inverse.

D. Regression

Simple regression was used to find out the relationship between a dependent variable and one independent variable. Stepwise regression was used to identify which independent variables affect the dependent variable. The coefficient of determination was used to measure the ability of independent variables to explain variance in the dependent variable.

6.11 Summary

The major objective of this chapter has been to describe the research methodology used in the current study. The chapter started with discussion of research design, leading to the development of research hypotheses, the main objective sought by the study, and the research method, including the instruments used. The questionnaire design was reported and its components identified. The target populations were defined as owners and managers of small projects, and officials of the supporting bodies. The sampling procedures, administration procedures and response rates were reported, and the statistical methods used to test the hypotheses were explained. Detailed descriptive statistics on the characteristics of the research sample, together with respondents' views on issues affecting the success of small business projects, follows in the next chapter.

CHAPTER SEVEN

DESCRIPTION OF THE RESEARCH SAMPLE

7.1 Introduction

The purpose of this chapter is to provide a descriptive overview of the data collected, as a basis for the statistical analysis that follows in chapter eight.

It describes the characteristics of project managers using demographic variables such as gender, scientific qualification and years of experience. It also identifies the characteristics of the projects, such as the staff, capital, number of workers, the percentage of capacity employed, the final consuming sectors, the techniques used in production, the basis of pricing, the expected future trend of the project, the most important financing sources, and the institutions in Kuwait, previously dealt with, that support small businesses.

Descriptive data are provided on the perceptions of respondents regarding the experience and degree of the effect of managerial and organizational, legal, marketing, and financial problems, as well as the kinds of assistance provided for small projects.

7.2 Demographic characteristics of project management

Table 7.1 and Figure 7.1 describe the research sample according to project management role. From Figure 7.1 it is clear that 62.57% of the sample were small business owners and 37.43% were specialized managers.

Table 7.1 Distribution of the research sample according to project management

Owner of the project	117
Specialized manager	70
Total	187

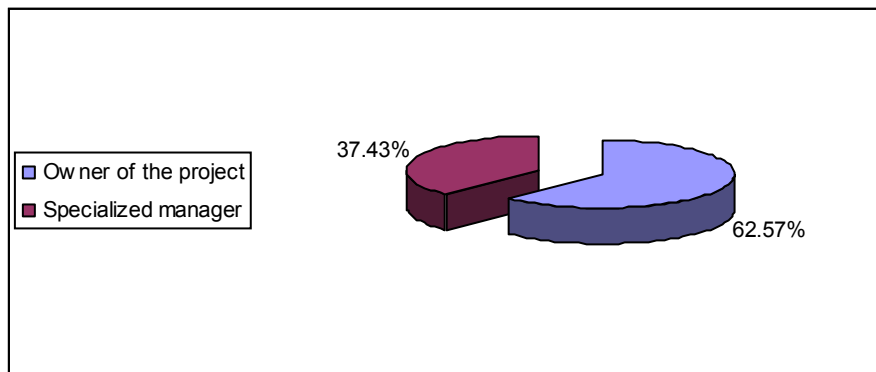
Figure 7.1 Description of the research sample according to project management

Table 7.2 and Figure 7.2 present the distribution of the research sample according to project management role and age. From the table it is clear that 44.40% of the sample (N:83) were from 30 to less than 40 years old, and this age accounted for 35% (N:41) of project owners and 60% (N:42) of specialized managers. Those falling in the category of 40 years and older were 46.2% of the project owners and 34.3% of specialized managers.

Table 7.2 Distribution of the research sample according to project management and age

		Less than 20	From 20 less than 30	From 30 less than 40	40 and more	Total
Owner of the project	N	10	12	41	54	117
	%	8.5	10.3	35.0	46.2	100.0
Specialized manager	N	0	4	42	24	70
	%	0	5.70	60.00	34.30	100.0
Total	N	10	16	83	78	187
	%	5.30	8.60	44.40	41.70	100.00

Figure 7.2 Description of the research sample according to age

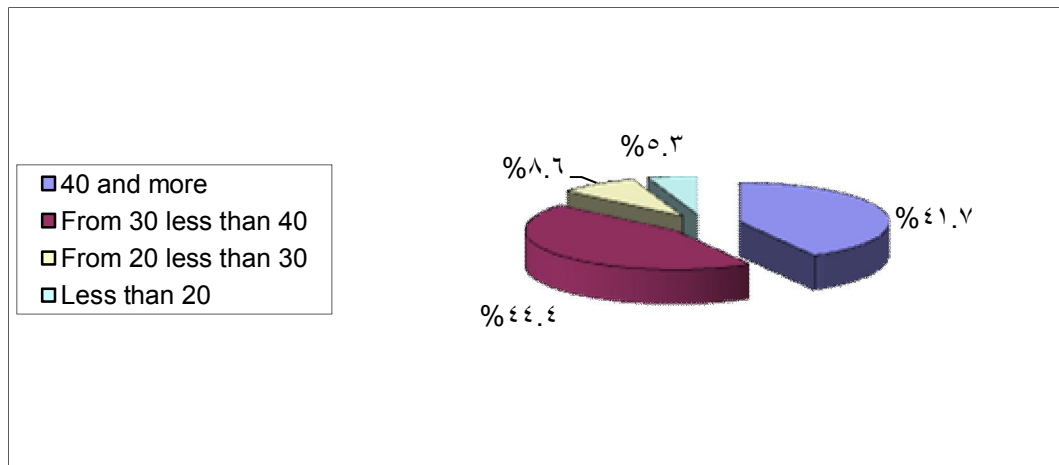


Table 7.3 presents the distribution of the research sample according to project management role and gender. The table shows that 90.9% of the sample (N:170) were male and 90.6% (N:106) of those who own projects were male. The small proportion 9.1% (N:17) of women reflects women's disinclination to work in small business in Kuwait as in the Arab region in general. This is due to the customs and traditions

governing the Kuwaiti community concerning women's work, especially in the private sector. Women prefer to work in governmental jobs, especially teaching, and particularly at the of the nurturing stage consistent with cultural perceptions of their nurturing role.

Table 7.3 Distribution of the research sample according to project management and gender

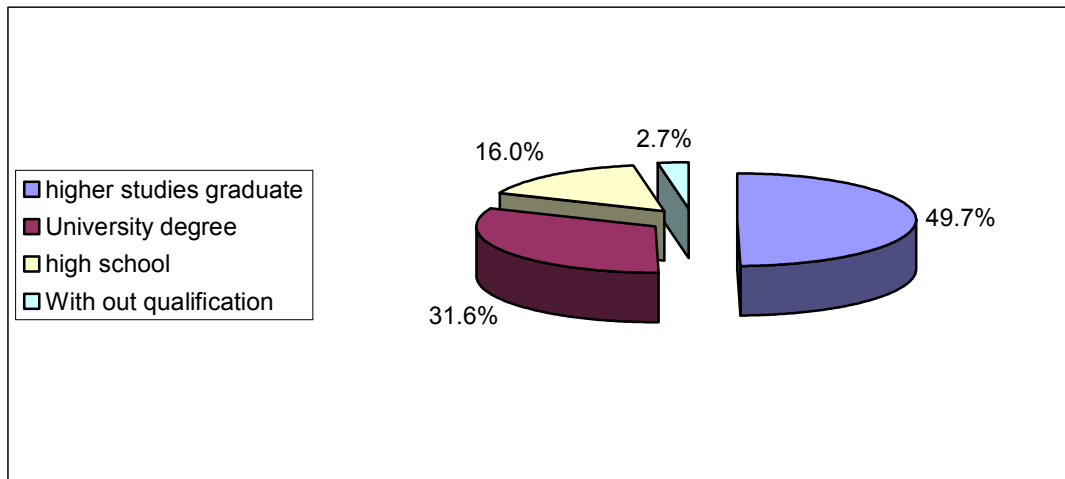
		Male	Female	Total
Owner of the project	<i>N</i>	106	11	117
	%	90.6	9.4	100.0
Specialized manager	<i>N</i>	64	6	70
	%	91.4	8.6	100.0
Total	<i>N</i>	170	17	187
	%	90.9	9.1	100.0

Table 7.4 and Figure 7.3 present the distribution of the research sample according to project management role and qualification. The table shows that 50.4% of project owners who run their own projects (N:59) were higher studies graduates, while 34.2% of them (N:40) were university graduates. Among project managers 48.6% (N:34) were higher studies graduates. The research sample was highly qualified, since the majority had at least a university degree (81.3%). This results from the attention given by Kuwait to the educational process.

Table 7.4 Distribution of the research sample according to Project management and qualification

		Without qualification	High school	University degree	Higher studies graduate	Total
Owner of the project	<i>N</i>	5	13	40	59	117
	%	4.3	11.1	34.2	50.4	100.0
Specialized manager	<i>N</i>	0	17	19	34	70
	%	0	24.3	27.1	48.6	100.0
Total	<i>N</i>	5	30	59	93	187
	%	2.7	16.0	31.6	49.7	100.00

Figure (7.3) Distribution of the research sample according to qualification



Tables 7.5 presents the distribution of the research sample according to project management role and years of experience in project management. It can be seen that 40.6% of the sample were owners and managers of projects with less 5 years of experience. This is due to the novelty of projects, and indicates a need for support and

consultation. The table shows that 30.5% of the owners and managers of projects had 15 years experience or more.

Tables 7.5 Distribution of the research sample according to project management and years of experience in project management

		Less than 5	From 5 less than 10	From 10 less than 15	15 and more	Total
Owner of the project	<i>N</i>	47	16	19	35	117
	%	40.2	13.7	16.2	29.9	100.0
Specialized manager	<i>N</i>	29	10	9	22	70
	%	41.4	14.3	12.9	31.4	100.0
Total	<i>N</i>	76	26	28	57	187
	%	40.6	13.9	15.0	30.5	100.00

Regarding the distribution of the research sample according to project management role and commitment to project management (Table 1 Appendix D), it is clear that 49.7% of the sample were committed full time, and 24.1% were not. Of project owners 29.1% were committed full time while 36.8% were not. These results reflect the realities of life in Kuwait, since 95% of the manpower in Kuwait work for the government and some of these also own projects.

According to the distribution of the views of the sample about the main motive for establishing a project (Table 2 Appendix D), it is clear that the majority of the

sample 94.7% were motivated by the desire to work freely in the private sector, away from government work. Motives could be arranged in rank order as follows :

- Desire to work freely in the private sector, away from government work.
- To make use of technical skills.
- Desire to obtain a rewarding financial outcome.
- Desire to pursue adventure.
- Inheritance of the project from the respondent's father.
- To fulfil the need for social prestige.

Table 7.6 presents the distribution of the views of the sample about the extent of intention to continue managing the project. From the table it is clear that 79.7% of the sample (N:149) said they would continue managing the project. Also from the table, there was no-one who would not continue, and this is a good indicator that the country should support and encourage.

Table 7.6 Distribution of the views of the sample about the extent of intention to continue in managing the project

		I will definitely continue	I will probably continue	I don't know	I will probably not continue	I will definitely not continue	Total
Owner of the project	N	95	14	5	3	0	117
	%	81.2	12.0	4.3	2.6	0	100.0
Specialized manager	N	54	4	10	2	0	70
	%	77.1	5.7	14.3	2.9	0	100.0

Total	N	149	18	15	5	0	187
	%	79.7	9.6	8.0	2.7	0	100.00

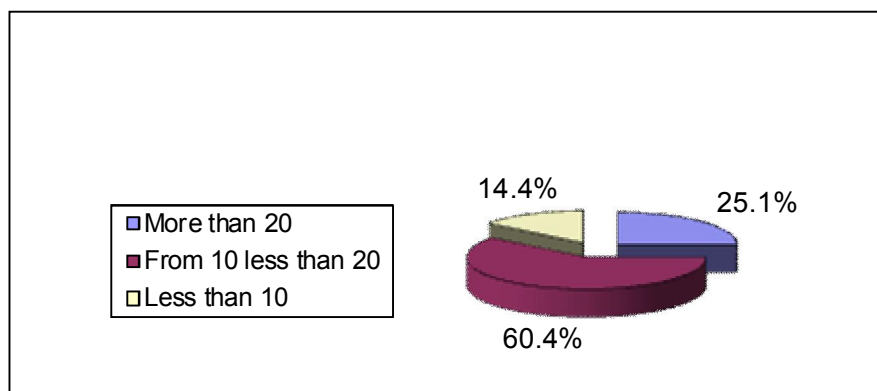
7.3 Features of Projects

Table 7.7 and Figure 7.4 present the distribution of the project's period in the market. From the table it is clear that 60.4% of the sample had been in the market for from 10 to less than 20 years (N:113). This suggests that most projects in Kuwait are characterized by stability and medium-term existence.

Table 7.7 Distribution of period in the market according to project management

		Less than 10	From 10 less than 20	More than 20	Total
Owner of the project	<i>N</i>	23	60	34	117
	<i>%</i>	19.7	51.3	29.1	100.0
Specialized manager	<i>N</i>	4	53	13	70
	<i>%</i>	5.7	75.7	18.6	100.0
Total	<i>N</i>	27	113	47	187
	<i>%</i>	14.4	60.4	25.1	100.00

Figure 7.4 Description of research sample according to project period in the market



Regarding the distribution of legal forms of projects (Table 3, Appendix D), it is clear that most of the projects were in the form of limited liability companies 68.4%.

Legal forms could be arranged in order as follows:

- Limited liability
- Joint venture
- Small firm project
- Cooperation project
- Individual project

Table 7.8 and Figure 7.5 present the distribution of project capital. The table shows that 12.8% of the sample indicated that the capital of the projects they owned or managed was less than 5,000 Kuwaiti Dinars, while 29.4% of the projects had capital greater than 100,000 Kuwaiti Dinars.

Table 7.8 Distribution of the project capital according to project management

			Less than 5000	From 5000 to 50000	From 50000 to 100000	More than 100000	Total
Owner of the project	<i>N</i>		13	20	41	43	117
	%		11.1	17.1	35.0	36.8	100.0
Specialized manager	<i>N</i>		11	29	18	12	70
	%		15.7	41.4	25.7	17.1	100.0

Total	<i>N</i>	24	49	59	55	187
	%	12.8	26.2	31.6	29.4	100.00

Figure 7.5 Description of research sample according to capital

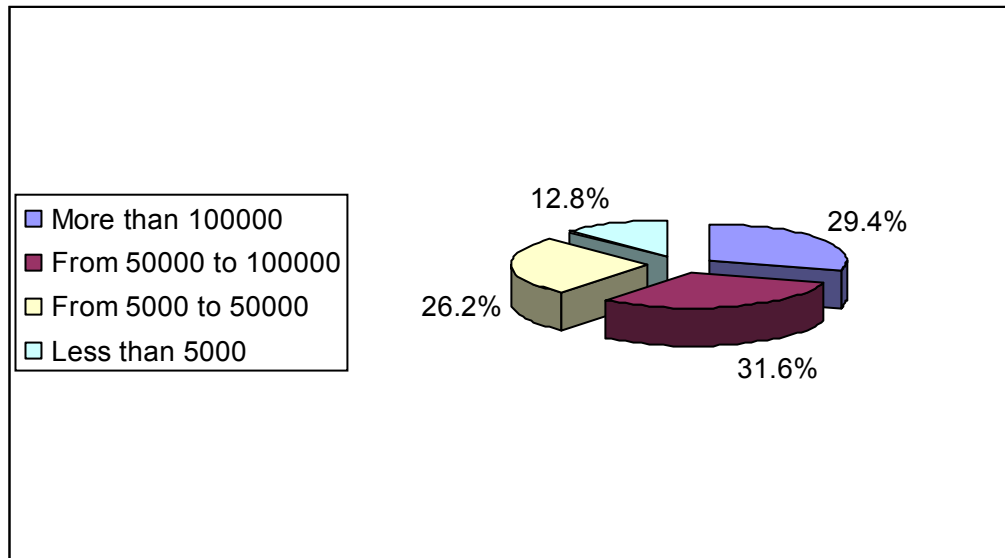


Table 7.9 and Figure 7.6 present the distribution of number of workers in the project according to project management. The largest concentration of projects, 57.8% had from 20 to 40 workers, and a further 32.6% of the sample had more than 40 workers. This indicates the social role of projects in reducing unemployment rates in Kuwait.

Table 7.9 Distribution of the number of workers in the project according to project management

		Less than 20	From 20 to 40	More than 40	Total
Owner of the project	<i>N</i>	9	69	39	117
	%	7.7	59.0	33.3	100.0

Specialized manager	<i>N</i>	9	39	22	70
	%	12.9	55.7	31.4	100.0
Total	<i>N</i>	18	108	61	187
	%	9.6	57.8	32.6	100.00

Figure 7.6 Description of the research sample according to number of workers

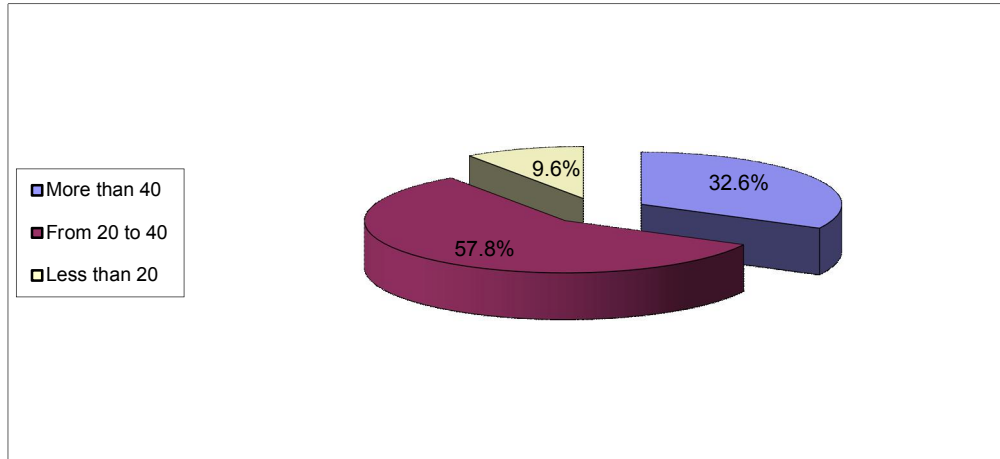


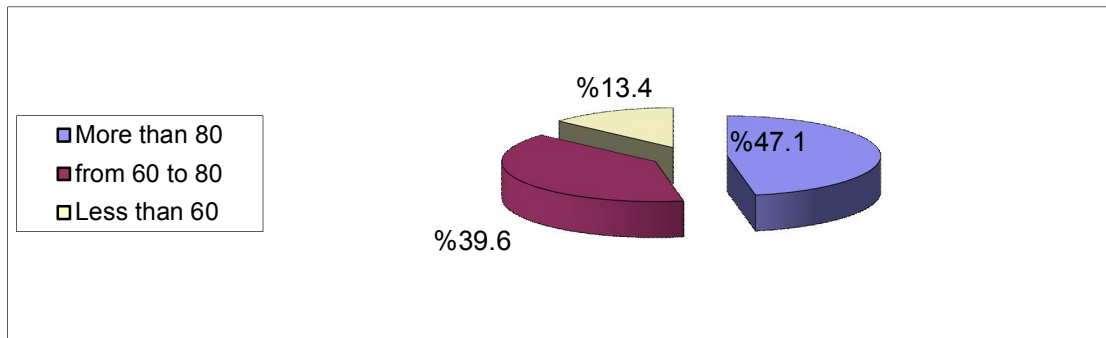
Table 7.10 and Figure 7.7 present the ratio of capacity employed in the project according to the project management. It is clear that 13.4% of the projects used less than 60% of their production capacity, either because they were new or simply had unused capacity. However, the table also shows that 47.1% of the projects used more than 80% of their capacity. This indicates that some small businesses are working to their utmost capacity, and this obliges the government to expand these types of projects and encourage the establishment of new projects.

Table 7.10 Distribution of the ratio of capacity employed in the project according to the project management

		Less than 60	from 60 to 80	More than 80	Total
Owner of the project	<i>N</i>	11	61	45	117
	%	9.4	52.1	38.5	100.0

Specialized manager	<i>N</i>	14	13	43	70
	%	20.0	18.6	61.4	100.0
Total	<i>N</i>	25	74	88	187
	%	13.4	39.6	47.1	100.00

Figure 7.7 Description of the research sample according to the project capacity used



Regarding the views of the research sample, by project management category, about the reasons for projects having unused capacity (Table 4, Appenix D), it is obvious that the "High cost of production" ranked first among reasons for projects having unused capacity, being reported by 71.1% of the sample. Reasons could be arranged in rank order as follows:

- The high cost of the production requirements
- Shortage of human skills for the project
- Low demand for the product of the project
- Difficulty to open new markets
- Unavailability of production requirements

According to the distribution of final consuming sectors, according to the project management category (Table 5, Appendix D), it is clear that 45.5% of project final

consumers were individuals. This result is consistent with the fact that most projects distribute their products personally or with direct marketing techniques. The most important consumers of the projects could be ranked as follows:

- Individuals
- Private sector companies
- Foreign companies
- Government bodies

From the point of the distribution of the techniques used in production distribution according to the project management category (Table 6 Appendix D), it is clear that most projects 77.5% use direct marketing techniques. Exporting is low, used by only 4.3% of the sample. This is due to the project's small size and to their lack of marketing experience. The most used distribution techniques are as follows:

- Direct to the final customer
- Wholesale merchants
- Retail merchant
- Exporting

The promotion techniques for project products, according to project management category (Table 7 Appendix D), shows that 56.1% of the research sample preferred personal sales. This can be considered a type of promotion suitable for small business since, due to the lack of revenues, small businesses have no budget for promotions. Promotion techniques could be arranged as follows:

- Personal sales
- Advertisement

- Refresh your sales (gifts)

Regarding the distribution of the method of pricing products, according to project management category (Table 8 Appendix D), 69.5% of the sample used the product cost plus a profit margin when pricing their products, which is the easiest technique. Techniques could be arranged as follows:

- The product cost
- Fixed price
- Competitor's price

Table 7.11 presents the distribution of the production system used in the project according to project management category. From the table, 50.3% of the sample used production upon request, 25.7% preferred continuous production for the market and 24.1% used a mixture, with continuous production for some products and production upon request for others.

Table 7.11 Distribution of the production system used in projects according to project management category

		Production on request	Continuous production for the market	A mix of continuing production to some kinds and when request to other	Total
Owner of the project	N	58	35	24	117
	%	49.6	29.9	20.5	100.0

Specialized manager	N	36	13	21	70
	%	51.4	18.6	30.0	100.0
Total	N	94	48	45	187
	%	50.3	25.7	24.1	100.0

Table 7.12 presents the distribution of the degree of automation used in the projects according to project management category. From the table, 50.3% were using semi-automatic techniques in production. This is related to the type of these projects, which depend mainly upon manual labour with the use of technology in the field of tools.

Table 7.12 Distribution of the degree of automation used in the project according to project management category

		Manual	Automatic	Half automatic	Total
Owner of the project	N	13	48	56	117
	%	11.1	41.0	47.9	100.0
Specialized manager	N	10	22	38	70
	%	14.3	31.4	54.3	100.0
Total	N	23	70	94	187
	%	12.3	37.4	50.3	100.00

The views of the research sample about the likely future trend of the project was identified (Table 9, Appendix D). The table shows 52.4% of respondents expected to continue the same project and 23.0% aimed to continue and expand. This is a positive indicator and the government should encourage institutional to support for small

businesses, as projects wishing to expand need land and other industrial incentives. The most important trends could be arranged as follows:

- Continue the same project
- Expand
- Amalgamation with another project
- Decrease business size
- Dissolution of the project
- Change the type of business

Table 7.13 presents the distribution of the views of the research sample about the most important financing sources by project management category. From the table 69.5% of respondents believed that their main source of funds was personal capital only. This type of project depends mainly on personal funding, in contrast to big projects. The most important financing sources could be arranged as follows:

- Personal capital only
- Capital plus loans
- Loans only
- Capital and other sources (not loans)

Table 7.13 Distribution of the views of the research sample about the most important financing sources, according to project management category

		Owner of the project	Specialized manager	Total
Personal capital only	<i>N</i>	69	61	130
	%	36.9	32.6	69.5
Capital plus loans	<i>N</i>	43	5	48
	%	23.0	2.7	25.7
Loans only	<i>N</i>	5	4	9

	%	2.7	2.1	4.8
Capital and other sources (not loans)	N	0	0	0
	%	0	0	0
Total	N	117	70	187
	%	62.6	37.4	100.0

7.4 The institutes that support small businesses in Kuwait

Table 7.14 presents the distribution of the views of the research sample about institutions in Kuwait that support small business, with which respondents had dealings according to project management. The most important institutions supporting small business, based on frequency of exposure among the research sample are:

- Kuwait University
- The General Association for Applied Learning and Training (Preparation Centre for Initiative to Establish Small Enterprise)
- Commercial banks and investment businesses in Kuwait
- Public Authority for Industry
- Ministry of Commerce and Industry
- Kuwait Chamber of Commerce and Industry

Table 7.14 Distribution of the views of the research sample about institutions in Kuwait that support small business according to the project management

		Owner of the project		Specialized manager		Total	
		no	yes	no	yes	no	yes
Public Authority for Industry	N	37	80	30	40	67	120
	%	19.8	42.8	16.0	21.4	35.8	64.2
Kuwait Company to Develop	N	108	9	63	7	171	16

Small Enterprises	%	57.8	4.8	33.7	3.7	91.4	8.6
Kuwait Industrial Bank (portfolio for financing handcrafts and small enterprises)	N	69	48	34	36	103	84
	%	36.9	25.7	18.2	19.3	55.1	44.9
Kuwait Chamber of Commerce and Industry	N	57	60	30	40	87	100
	%	30.5	32.1	16.0	21.4	46.5	53.5
Kuwait University	N	34	83	10	60	44	143
	%	18.2	44.4	5.3	32.1	23.5	76.5
The General Association for Applied Learning and Training (Preparation Centre for Initiative to Establish Small Enterprise)	N	55	62	10	60	65	122
	%	29.4	33.2	5.3	32.1	34.8	65.2
Ministry of Commerce and Industry	N	54	63	30	40	84	103
	%	28.9	33.7	16.0	21.4	44.9	55.1
Workforce Restructuring Programme and National Executive Board.	N	73	44	36	34	109	78
	%	39.0	23.5	19.3	18.2	58.3	41.7
Commercial banks and investment businesses in Kuwait.	N	36	81	30	40	66	121
	%	19.3	43.3	16.0	21.4	35.3	64.7

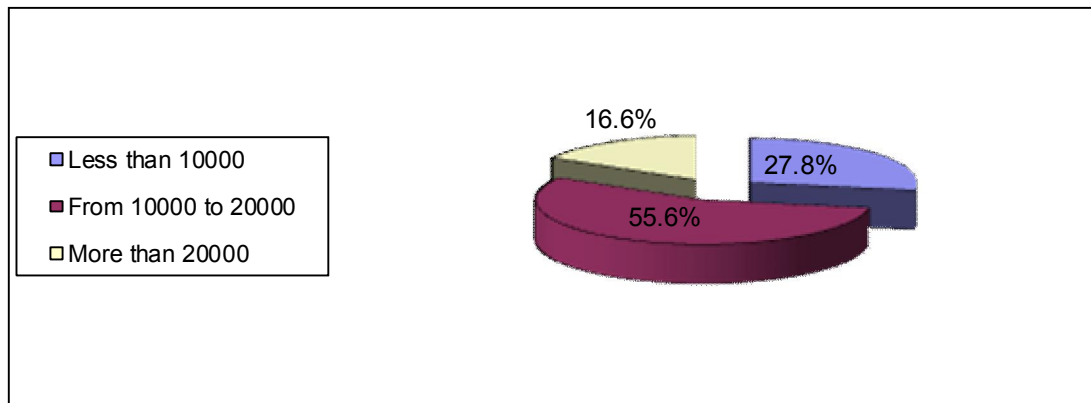
Table 7.15 and Figure 7-8 present the distribution of profit levels according to project management category. Data used were obtained from the question about costs and revenues of each project. From the table 55.6% of the research projects had gained from 10,000 to 20,000 Kuwait Dinars and 16.6% of the research projects achieved profits of more than 20,000 Kuwait Dinars.

Table 7.15 Distributions of profit levels according to project managemt category

		Less than 10000	From 10000 to 20000	More than 20000	Total
Owner of the	N	29	71	17	117

project	%	15.5	38.0	9.1	100.0
Specialized manager	N	23	33	14	70
	%	12.3	17.6	7.5	100.0
Total	N	52	104	31	187
	%	27.8	55.6	16.6	100.00

Figure 7.8 Description of research sample according to profit levels



7.5 Problems Facing Small Bussinesses

This section reports descriptive data on the experience and relative importance of problems facing small projects, as perceived by respondents.

7.5.1 Financial problems

Based on the views of people responsible for small projects, Table 7.16 presents the distribution of experience of financial problems according to the current stage of progress of the project. From the table 50.8% of the people responsible for small business (N:95) believed that projects were going through the maturation stage with almost no financial problems. 3.7% of the sample believed that no financing problems existed in this stage. However, (21) 11.2% reported that their projects were just

beginning and of these 85.7% (N:18) believed they faced financing problems. Overall, 19.8% of the sample reported the existence of financing problems, regardless of the stage the project was going through, while 80.2% of the sample claimed not to experience financing problems.

Table 7.16 Distribution of the views of the research sample on the present stage of progress of the project and the existence of financial problems

		yes	no	Total
Beginning	N	18	3	21
	%	9.6	1.6	11.2
Growing	N	9	54	63
	%	4.8	28.9	33.7
Maturity	N	7	88	95
	%	3.7	47.1	50.8
Decline	N	3	5	8
	%	1.6	2.7	4.3
Total	N	37	150	187
	%	19.8	80.2	100.0

Table 7.17 presents the distribution of views on the degree of impact of financing problems. From the table, 43.42% of those who believed in the existence of financing problems (N:16) said that these problems had a great effect upon small businesses, with a relative importance of 75.68%.

Table 7.17 Distribution of the degree of views on impact of financing problems

	N	%
Some impact	6	16.22
Moderate impact	15	40.54

Strong impact	16	43.42
Total	37	100
Relative importance %	75.68	

7.5.2 Marketing problems

Table 7.18 presents the distribution of the research sample views, by the current stage of the project, on the existence of marketing problems. From the table, people believing their projects were going through the maturation stage, 64.21% (N:61) reported marketing problems. Of those whose projects were just beginning (N:21) only 28.57% of them (N:6) perceived marketing problems. From the table, 52.4% believed in the existence of marketing problems regardless of the stage the project was going through.

Table 7.18 Distribution of the research sample views by the present stage of project, on the existence of marketing problems

		yes	no	Total
Beginning	N	6	15	21
	%	3.2	8.0	11.2
Growing	N	29	34	63
	%	15.5	18.2	33.7
Maturity	N	61	34	95
	%	32.6	18.2	50.8
Decline	N	2	6	8
	%	1.1	3.2	4.3

Total	<i>N</i>	98	89	187
	%	52.4	47.6	100.0

Table 7.19 presents the distribution of views on the effect of marketing problems. From the table, 45.9% from those who believed in the existence of marketing problems said that they affect small businesses, while 37.8% said they greatly affected small business with a relative importance of 78.83%.

Table 7.19 Distribution of views on the impact of marketing problems

	<i>N</i>	%
Little impact	3	3.0
Some impact	13	13.3
Moderate impact	45	45.9
Strong impact	37	37.8
Total	98	100
Relative importance %	78.83	

7.5.3 Managerial and Organizational problems

Table 7.20 presents the distribution of the views of the research sample, by present stage of the project, on the existence of managerial and organizational problems. It can be seen that 35.3% of the sample believed in the existence of managerial and organizational problems regardless of the present stage of the project. 25.1% of the

sample (N:47) believed in the existence of management and organizational problems in the maturation stage.

Table 7.20 Distribution of the views of the research sample by the present stage of the project, on the existence of managerial and organizational problems

		yes	no	Total
Beginning	N	5	16	21
	%	2.7	8.6	11.2
Growing	N	13	50	63
	%	7.0	26.7	33.7
Maturity	N	47	48	95
	%	25.1	25.7	50.8
Decline	N	1	7	8
	%	.5	3.7	4.3
Total	N	66	121	187
	%	35.3	64.7	100.0

Table 7.21 presents the distribution of views on the degree of impact of managerial and organization problems. From the table, 42.4% of those who reported the existence of managerial and organizational problems (N:28) said these problems greatly affected small projects, with a relative importance of 75.0%.

Table 7.21 Distribution of views on the degree of impact of the managerial and organization problems

	<i>N</i>	%
Little impact	6	9.1
Some impact	10	15.2
Moderate impact	22	33.3
Strong impact	28	42.4
Total	66	100
Relative importance %	75.0	

7.5.4 Legal problems

Table 7.22 presents the distribution of the views of the research sample by the current stage of the project, on the existence of legal problems. From the table, 41.2% of the sample believed in the existence of legal problems regardless of the present stage of the project, while 29.4% of the sample (N:55) reported the existence of legal problems in the maturity stage.

Table 7.22 Distribution of the views of the research sample, by the present stage of the project, on the existence of legal problems

		yes	no	Total
Beginning	<i>N</i>	6	15	21
	%	3.2	8.0	11.2
Growing	<i>N</i>	13	50	63
	%	7.0	26.7	33.7
Maturity	<i>N</i>	55	40	95

	%	29.4	21.4	50.8
Declination	N	3	5	8
	%	1.6	2.7	4.3
Total	N	77	110	187
	%	41.2	58.8	100.0

Table 7.23 presents the distribution of views on the degree of impact of legal problems. From the table, 67.53% of those who perceived their existence (N:52) believed that these problems have a moderate impact on small projects, with a relative importance of 64.29%.

Table 7.23 Distribution of views on the degree of impact of legal problems

	N	%
Little impact	10	12.99
Some impact	9	11.69
Moderate impact	52	67.53
Strong impact	6	7.79
Total	77	100
Relative Importance %	64.29	

7.6 Assistance given to small projects

As for boards supporting small projects, the distribution of forms of assistance given by the supporting boards to the owners of small businesses (Table 10, Appendix D) shows that 25% of the supporting boards claimed to provide extensive support,

comprising financial and accounting consultation – managerial consultation and assistance – legal consultation and assistance – training and consultation. However, the relative lack of assistance the form of financing, licensing, or feasibility studies is notable. The most important forms of assistance could be ranked as follows:

- Training and consultations
- Managerial consultation and assistance
- Technical consultation and assistance
- Marketing consultation and assistance

7.6.1 Financing Assistance

Table 7.24 presents the distribution of types of financing assistance given by supporting boards to owners of small business. From the table 27.8% of the supporting boards gave cash assistance and 47.2% give grants for the purchase of tools. The least common form of support was to buy project land, which accounted for 8.3% of responses.

Table 7.24 Distribution of the types of financing assistance given by supporting boards to owners of small business

	<i>N</i>	%
Cash	10	27.8
Tools Purchasing Finance	17	47.2
Finnancing project's location	3	8.3
Banking	6	16.7
Total	36	100.0

Regarding the requirements for obtaining financing assistance (Table 11, Appendix D), it is clear 30.6% of the supporting bodies only require a feasibility study for the proposed project. The most important requirements could be arranged as follows:

- A feasibility study of the project
- Ocular guarantees
- Checks and bills
- Personal guarantees
- Another person's guarantee
- No guarantees

These results differ completely from the state of affairs in other Arab countries, like Egypt, where some guarantees must be provided and lenders must be sure of the applicant's ability to repay the loan before giving it. Also, a feasibility study is no more than a means to obtain the loan in Egypt, while it is highly important in Kuwait.

7.6.2. Marketing assistance

The distribution of assistance with marketing provided for owners of small projects was identified (Table 12, Appendix D). It is clear that 67.59% was given to arranging local fairs and inviting project owners to join. The most important forms of assistance could be arranged as follows:

- Arranging local fairs and inviting project owners to participate
- Training on how to plan marketing activities
- Arranging international fairs and inviting project owners to participate
- Facilitation of needed data to execute market research

7.6.3 Technical Assistance

The distribution of forms of technical assistance provided for small project owners is given in Table 13, Appendix D. The most important form of technical assistance is consultation about how to provide quality control, with relative importance of 66.67%. The most important forms of assistance could be arranged as follows:

- Consultation about quality control
- Training on planning and supervising production
- Consultation about technology that the small project could use
- Consultation about production schedules

7.6.4 Managerial Assistance

The distribution of forms of managerial assistance provided for small project owners is given in Table 14, Appendix D. The most important form of managerial assistance is consultation about how to make annual plans for the project, with a relative importance of 77.78%. The most important assistance could be arranged as follows:

- Consultation about how to make an annual plan for the project
- Assistance with setting the project plan
- Assistance with setting reward plan for the project workers
- Consultation on how to set standards to recruit workers
- Consultation on setting optimal training programmes for project workers

7.7 Summary

In this chapter the research sample has been described, which includes for example gender, qualification and years of experience. Also the features of the projects in the research sample have been described which include, for example, the staff, capital, number of workers, the ratio of capacity employed, the final consuming sectors, and the techniques used in production. Descriptive data were presented on problems affecting small projects, and on forms of support small projects in Kuwait .

CHAPTER EIGHT

HYPOTHESIS TESTING AND ANALYSIS OF RESULTS

8.1 Introduction

This chapter presents hypothesis testing and analysis of results using the outputs of the statistical analysis program SPSS, to achieve the goals of the research and find out the most important factors for the success of small projects in Kuwait, as well as the main problems which affect their survival.

8.2 Differences Between the Views of Relevant Categories of Study About the Problems Facing Small Projects in Kuwait

The first hypothesis was:

'There are no significant differences between the views of relevant categories of study about the problems facing small projects in Kuwait'.

This hypothesis is tested according to the relationship with the project, management category and various manager project characteristics.

8.2.1. According to the relationship with project:

Table 15, Appendix D (all descriptive statistical tables are in Appendix D) shows descriptive statistics of the problems facing small projects in Kuwait according to relationship with the project, i.e. owners and managers of the project, and supporters. We can see from the table that highest mean for owners and managers of the projects

was for “rashness in decision taking without previous study”, classified as an organizational and administrative problem, with mean 4.89 and standard deviation 0.32. Among supporters of small-sized projects in Kuwait, “the absence of proper plans for projects”, another organizational and administrative problem, had the highest mean of 4.83 and standard deviation of 0.38. To test for significant differences between mean scores for problems facing small projects in Kuwait as perceived by project management (owners and managers of the project and project supporters), the Mann-Whitney test was used (a non-parametric test which is used to test the difference between two means). There were significant differences in the views of the two samples on most problems, at the significance levels of 1%, 5%, or 10%. Thus, there is a lack of agreement between the two categories on the level of influence of some problems over the success of small projects in Kuwait.

8.2.2 According to project management role:

Table 16 (Appendix D) shows the descriptive statistics of problems facing small projects in Kuwait according to project management role (project owner or specialized manager). We can see from the table the agreement between the two categories of study on the strong influence of the element "the weak profit that small projects gain", classified as a financial problem, with a mean of 4.73 and a standard deviation of 0.69 from project owners, and a mean of 4.70 and standard deviation of 0.7 from specialized managers. The two categories agreed on the low impact of "difficult terms in financing the project" with a mean of 2.03 and a standard deviation of 1.03 for project owners and mean of 1.99 and standard deviation of 0.94 for specialized managers. The table shows

agreement between the two categories of the study that the most important problems are:

First: Financial problems:

- Low level of profit
- Lack of clear, accurate financial reports that can be depended on to evaluate the financial status of the project
- Delay in receiving funds from creditors
- The high interest on loans that is given to small projects

Second: Marketing problems:

- Increase in domestic and foreign competition for project products
- Lack of marketing skills among small project owners
- Absence of objective principles when pricing small project products
- Inability of projects to vary their products

Third: Organizational and administrative problems:

- Lack of proper plan for projects
- Shortage of efficient trained human resources for managing the project
- Project owner's lack of necessary practical experience
- Rashness in decision taking without prior research
- High cost of commodities and services costs because of high rate of losses and shortage of trained labour
- Difficulty of determining accountability for negligence

Fourth: Legislative problems

- Plurality of parties that support, regulate and finance small business
- Lack of provision to supply small businesses with facilities such as land, buildings, and machinery at low prices
- Inconsistency of bank credit rules

These results agree with many previous studies, especially for marketing problems, as the owners and managers of small projects suffer from a lack of marketing awareness, from a lack of marketing and sales skills, inadequate market information, especially for export markets, and a lack of financial resources necessary for the maintenance of the promotion and revitalization of sales, such as participation in exhibitions and advertising in the different media. They also face heightened competition, both external or internal from large projects (Muhammad and Salma, 2006), Mustafa, 2006, Omar, 2003).

To test for significant difference in the mean scores for problems facing the small projects in Kuwait, according to project management (project owner - specialized manager), the Mann Whitney test was used. There were non-significant differences between the views of both categories of the sample study on most problems at the significance levels of 5% and 10%. This means there is agreement between the two categories of the study on the degree of influence of problems on the success of small projects in Kuwait.

8.2.3 According to gender:

Table 17, Appendix D shows the descriptive statistics of problems facing small projects in Kuwait according to gender (male - female). From the table we can see that for men, the highest means were for "non-availability of a proper plan for projects" and "lack of efficient trained human resources in managing the project", both being organizational and administrative problems, and each with a mean of (4.92), while women rated several problems as being more severe, and some with means of 5.0, as follows:

Marketing problems

- Lack of country contribution in organizing exhibitions for selling small project products
- Non- sufficiency of co-operative societies' support for small projects by finding show places for its products

Organizational and administrative problems

- Lack of necessary practical experience of project owner
- Rashness in decision taking without prior study
- Difficulty of determining accountability for negligence

To test for significant differences between the mean scores for problems facing the small projects in Kuwait according to gender (male - female), the Mann Whitney test was used. There are significant differences between the views of both categories of sample study on most problems at the significance leves of 10% and 5%. Thus, there is

a significant difference between views of the men and women on the problems facing small projects in Kuwait.

8.2.4 According to the academic qualifications:

Table 18, Appendix D shows the descriptive statistics of problems facing small projects in Kuwait according to academic qualification (without qualification-, high school-, university degree-, and higher studies graduate). From the table we can see that those without qualifications view the main problems as:

Marketing problems

- Increase in domestic and foreign competition for project products
- Lack of marketing skills among small project owners
- Inability of projects to vary their products

Organizational and administrative problems

- Lack of necessary practical experience of project owner
- Rashness in decision taking without previous studying
- Difficulty of determining accountability for negligence

Each with a mean 5.0 and a standard deviation 0.0.

From the viewpoint of people with a of high school certificate:

First: Financial problems

- Low level of profit
- Lack of clear, accurate financial reports that can be depended on to evaluate the financial status of the project
- The difficulties of forecasting cash flow
- The high interest rate on loans that are given to small projects

Second: Marketing problems

- Increase in domestic and foreign competition for project products
- Lack of marketing skills of small project owners
- Absence of objective principles when pricing small project products
- Lack of enthusiasm for small project products.

Third: organizational and administrative problems

- Non-availability of a proper plan for projects.
- Shortage of efficient trained human resources for managing the project
- Project owner's lack of necessary practical experience
- Rashness in decision taking without previous studying
- High cost of commodities and services costs because of high rate of losses and shortage of trained labour

Fourth: Legislative problems

- Lack of a governmental party which can help in solving problems and intervene in times of crisis and in case of project hindering

- Lack of provision to supply small businesses with facilities such as land, buildings, and machinery at low prices
- Plurality of parties that support, regulate and finance small projects

From the viewpoint of those with a university degree:

First: Financial problems

- Low level of profit
- Lack of clear, accurate financial reports that can be depended on to evaluate the financial status of the project
- Lack of funds for financing future expansion of the project
- Lack of a financial system to provide adequate information and a lack of experience in financial analysis to evaluate the project

Second: Marketing problems

- Lack of marketing skills of small project owners
- Increase in domestic and foreign competition for project products
- Absence of objective principles when pricing small project products
- Inability of small projects to vary their products
- Low quality of products in many small projects

Third: Organizational and Administrative problems

- Rashness in decision taking without previous studying
- Lack of necessary practical experience of project owner
- High cost of commodities and services costs because of high rate of losses and shortage of trained labour
- Lack of efficient trained human resources in managing the project

- Difficulty of determining accountability for negligence

Fourth: Legislative problems

- Lack of provision to supply small businesses with facilities such as land, buildings, and machinery at low prices
- Plurality of parties that support, regulate and finance small projects
- Inconsistency of bank credit rules

From the viewpoint of higher studies graduates:

First: Financial problems

- Low level of profit
- Delay in receiving funds from creditors
- The high interest on loans that are given to small businesses
- Lack of clear, accurate financial reports that can be depended on to evaluate the financial status of the project

Second: Marketing problems

- Increase in domestic and foreign competition for project products
- Lack of marketing skills among small project owners
- Absence of objective principles when pricing small project products
- Inability of projects to vary their products

Third: Organizational and administrative problems

- Non-availability of a proper plan for projects
- Lack of efficient trained human resources in managing the project
- Rashness in decision taking without previous studying

- Lack of necessary practical experience of project owner
- High cost of commodities and services costs because of high rate of losses and shortage of trained labour

Fourth: Legislative problems

- Plurality of parties that support, regulate and finance small projects
- Lack of support and protection from dumping in the market
- Lack of provision to supply small businesses with facilities such as land, buildings, and machinery at low prices
- Inconsistency of bank credit rules

To test for significant differences between mean scores for problems facing small projects in Kuwait by qualification, the Kruskal Wallis test was used (a non-parametric test used to test for differences between means). This is to test the hypothesis that there is no difference between the views of those with different academic qualifications about the problems that face small projects in Kuwait (Table 19, Appendix D). There are statistically significant differences of views for most problems at the 5% level. Thus, there is a significant difference between the views of the categories of study on these problems. This is consistent with the reality that managerial understanding and practice differ according to qualification. People who have pursued postgraduate studies have more interest and experience in intellectual, creative and planning work, while those with average qualifications, and especially technical backgrounds, tend to be involved in manual labour.

8.2.5 According to project age:

- Table 20, Appendix D shows the descriptive statistics of views of problems facing small projects in Kuwait according to project age (less than 10-, from 10 to less than 20, and more than 20). From the table we can see the views of the three study categories on the strength of organizational and administrative problems in general. For example, the mean for workers and project owners whose age in the market was less than 10 years, for “lack of necessary practical experience of project owner”, “rashness in decision taking without previous studying”, and “difficulty of determining delinquency liability about fulfilling some tasks”, i.e. the difficulty of determining accountability for negligence, was 5.0 with a standard deviation of 0.0. The most important problems facing small projects in Kuwait according to their age in the market are:

From the viewpoint of business owners with less than 10 years

First: Financial problems

- Not depending on correct financial research before starting the project
- Delay in receiving funds from creditors
- The high interest on loans that is given to small business

Second: Marketing problems

- Lack of marketing skills of small project owners
- Increase in domestic and foreign competition for project products
- Absence of objective principles when pricing small project products
- Non-availability of proper studies concerning the needs and desires of customers

Third: Organizational and Administrative problems

- Lack of necessary practical experience of project owner
- Rashness in decision taking without previous studying
- Difficulty of determining accountability for negligence
- High cost of commodities and services costs because of high rate of losses and shortage of trained labour

Fourth: Legislative problems

- Plurality of parties that support, regular and finance small projects
- Lack of provision to supply small businesses with facilities such as land, buildings, and machinery at low prices
- Lack of support and protection from dumping in the market

From the viewpoint of business owners with from 10 to less than 20 years

First: Financial problems

- Low level of profit
- Lack of clear, accurate financial reports that can be depended on to evaluate the financial status of the project
- The difficulty to forecast to cash flow

Second: Marketing problems

- Increase in domestic and foreign competition for project products
- Lack of marketing skills among small project owners
- Absence of objective principles when pricing small project products

Third: Organizational and administrative problems

- Rashness in decision taking without previous studying
- Non-availability of a proper plan for projects
- Lack of efficient trained human resources in managing the project
- Lack of necessary practical experience of project owner

Fourth: Legislative problems

- The country does not provide some facilities to small projects, such as land, buildings, and machinery at low prices
- Lack of a governmental party which can help in solving problems and interfevening in suitable time during crises
- Inconsistency of bank credit rules

From the viewpoint of business owners of 20 years or more

First: Financial problems

- Low level of profit
- Delay in receiving funds from creditors
- The high interest on loans that is given to small business

Second: Marketing problems

- Increase in domestic and foreign competition for project products
- Lack of marketing skills among small project owners
- Absence of objective principles when pricing small project products

Third: Organizational and administrative problems

- Lack of efficient trained human resources in managing the project

- Non-availability of a proper plan for projects
- Rashness in decision taking without previous studying
- Lack of preparation of estimated balances for project works for the coming period
- Difficulty of determining accountability for negligence

Fourth: Legislative problems

- Plurality of parties that support, regulate and finance small projects
- Lack of support and protection from dumping in the market
- Lack of legislative motives to expand and grow small projects
- Vagueness of executive schedules of rules that control works of small projects

To test for statistically significant differences between the mean scores for problems facing the small projects in Kuwait according to project age, the Kruskal Wallis test was used. Table 21, Appendix D shows the results. Differences of views are statistically significant for most problems at the significance level of 5%. This means there are essential differences between project owners in their views about these problems depending on project age.

8.2.6 According to profitability level:

Table 22, Appendix D shows the descriptive statistics of problems facing small projects in Kuwait according to profitability level (less than KD1000 - , from 10000 to less than KD20000-, more than KD20000). From the table we can see of the three categories, views about the strong impact of rashness in decision taking without previous study, an organizational and administrative problem, with means of 4.92, 4.88

and 4.84 respectively. To test for significant differences between the mean scores of problems that facing the small projects in Kuwait according to profitability level, the Kruskal Wallis test was used. Table 23, Appendix D shows the test results. There are non-significant score differences for most problems facing small projects in Kuwait at the significance level of 5%. This means there is no statistically significant difference in the views of project owners about these problems related to project profitability.

The above findings support non-rejection of the null hypothesis in regard to project management and the level of achieved profits.

'There are no significant differences between the views of relevant categories of study about the problems facing small projects in Kuwait'

However, the null hypothesis was rejected for the categories of relationship, project type, the life of the project, and managers qualifications. Instead, here we can accept the alternative hypothesis that in relation to these categories, there are significant differences in the perceptions of the problems facing small businesses in Kuwait.

8.3 Differences Between the Views of Relevant Categories of Study

About the Success Factors of Small Projects in Kuwait

The second hypothesis was:

'There are no significant differences between the views of relevant categories of study about the success factors of small projects in Kuwait'

To test this thesis the Mann Whitney or Kruskal Wallis tests were used, depending on the number of categories, and were applied to the mean scores as follows:

According to the relationship with project:

Table 24, Appendix D shows the descriptive statistics of the success factors of small projects in Kuwait according to relationship with the project (owners and managers of the project – supporters). We can see from the table that the highest mean score of for owners and managers of the projects was for the elements " providing some facilities to small project owners, for example: reducing project land prices and reducing the customs duties on project imports such as machinery and equipment", and "increasing interest in training labour on small project work, with a mean of 4.70. In contrast, the highest scores for supporters of small-sized projects in Kuwait were for the element, "issuance of periodical books reciting the success stories of some projects and reasons for failure of some projects" with a mean score of 5.0 and standard deviation of 0.0. To test for significant differences between the mean for success factors of small projects in Kuwait between project management (owners and managers of the project) and supporters, the Mann Whitney was used, to test whether there is a statistically significant difference between the views of the different populations on the success factors of small projects in Kuwait. For supporters, and for owners and

managers of projects, we can see from the table that we can arrange the most important success factors for small projects in Kuwait as follows:

From the viewpoint of supporting bodies:

- Issuance of periodical books reciting the success stories of some projects and reasons for failure of others.
- Linking up small projects with specialized research centers and universities to help solve the problems.
- Simplifying license and registration procedures for small projects.
- Determining a balanced geographical distribution for the locations of small projects.
- Increasing the interest in training programs submitted by parties concerned with helping small businesses
- Establishing small project incubators in several areas, such as the El- shewakh incubators.

From the viewpoint of owners and managers of the project:

- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment.
- Increasing the interest in training labor on small project works.
- Simplifying licensing and registration procedures for small projects.
- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.

- Setting up a marketing information system, which can reflect the needs of the of market.
- Stressing the importance of small projects and their role in the development of society.
- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.
- Appointment of a designated manager in managing small projects.

There are significant differences between the views of the two categories of the sample on most factors at the significance levels of 5%, or 10%. While there is no significant difference between views of the two categories of study on what are the success factors of small projects in Kuwait, there are significant differences between the two categories of the study on the degree of importance of some of these success factors.

According to project management

Table 25, Appendix D shows the descriptive statistics of success factors of small projects in Kuwait according to project management. We can see from the table the agreement between the two categories on the degree of importance of the element “providing some facilities to small project owners, for example: reducing project land prices and reducing the customs duties on project imports such as machinery and equipment” and “increasing interest in training labour on small projects”, each with a mean of 4.72, while specialized managers gave importance to the element "simplifying licensing and registration procedures for small projects" with a mean of 5.0 and a

standard deviation of 0.0. We can see from the table that we can arrange the most important success factors of small projects in Kuwait as follows:

From the viewpoint of project owners

- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment.
- Increasing the interest in training labor on small projects.
- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.
- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.
- Simplifying licensing and registration procedures for small projects.
- Setting up a marketing information system which can provide information on the needs of market.
- Appointment of a designated manager in managing small projects.

From the viewpoint of specialized managers

- Simplifying licensing and registration procedures for small projects.
- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment.
- Increasing the interest in training labor on small projects.

- Stressing the importance of small projects and their role in the development of society.
- Developing positive attitudes of those in authority in public and private sector institutions on the role of small projects in developing the national economy.
- Developing the administrative skills of those in charge of managing the project.
- Setting up marketing information system which can reflect the needs of the market.
- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.

To test for significant differences between the mean scores for success factors of the small projects in Kuwait according to project management (project owners - specialized managers), the Mann Whitney test was used (Table 25, Appendix D). There are significant differences in the views of the two categories of the sample on most factors at the significant level of 5% or 10%. Thus, there are statistically significant differences between the views of the two categories of study on the success factors of small projects in Kuwait.

According to gender

Table 26, Appendix D shows the descriptive statistics of success factors of small projects in Kuwait according to gender (male - female). From the table we can see that men's highest scores were for the two elements below, with mean 4.66, while women score higher means than men for many of the factors:

- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.
- Lack of a governmental party which can help in solving problems and intervene in times of crisis and in case of project hindering.
- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment.
- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.
- Developing positive attitudes of those in authority in public and private sector institutions on the role of small projects in developing the national economy.
- Stressing the importance of small project and their role in the development of society.
- Increasing the interest in training labor on small projects.
- Simplifying licensing and registration procedures for small projects.

Women had means of 5.0 and standard deviation of 0.0 for these items. To test for significant differences in views on the success factors of small projects in Kuwait according to gender (male - female), the Mann Whitney test was used, to test whether there is a statistically significant difference between the views of men and women on the success factors of small projects in Kuwait. There are significant differences between the views of the two categories of the sample on most factors at the significance levels of 10% or 5%. Thus, there is a significant difference between the

views of the two categories of study on the success factors affecting small projects in Kuwait.

According to academic qualifications:

Table 27, Appendix D shows the descriptive statistics of the success factors of small projects in Kuwait according to the academic qualification (without qualification-, high school-, university degree-, higher studies graduate). From the table we can see the most important (highest scoring) items for each group are as follows:

From the viewpoint of people who are without qualifications

- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.
- Government intervention to save the project in times of financial crisis and in cases of project hindering
- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment.
- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay the loan
- Developing positive attitudes of those in authority in public and private sector institutions on the role of small projects in developing the national economy.
- Stressing the importance of small projects and their role in the development of society

- Increasing the interest in training labor on small projects
- Simplifying licensing and registration procedures for small projects

From the viewpoint of people who have high school certificate

- Simplifying licensing and registration procedures for small projects
- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment
- Developing the administrative skills of those in charge managing projects
- Issuance of periodical books reciting the success stories of some projects and reasons for failure of some projects
- Appointment of a designated manager to manage the small business
- Stressing the importance of small projects and their role in the development of society

From the viewpoint of people who have a university degree

- Appointment of a designated manager to manage the small business
- Setting up a marketing information system which can reflect the needs of the market
- The necessity of separation between management and ownership
- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment
- Increasing the interesting in training labor on small projects

- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions
- Simplifying licensing and registration procedures for small projects
- Developing the administrative skills for those in charge of managing projects

From the viewpoint of people who have postgraduate qualifications

- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment
- Increasing the interest in training labor on small projects
- Simplifying licensing and registration procedures for small projects
- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions
- Stressing the importance of small projects and their role in the development of society
- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay the loan

To test for statistically significant differences in mean scores for the success factors of small projects in Kuwait according to academic qualifications, the Kruskal Wallis test (a prarametric tests, used to test the difference between more than two means) was used. Table 28, Appendix shows the results. Most factors are significant at

the 5% level. This means there is a statistically significant difference between the views of categories of study on these factors.

According to project age:

Table 29, Appendix D shows the descriptive statistics of the success factors of small projects in Kuwait according to project age (less than 10 years, from 10 to less than 20 years, and more than 20 years). From the table we can see the highest scores for the three categories are for “providing some facilities to small project owners, for example: reducing project land prices and reducing the customs duties on project imports such as machinery and equipment”, and “increasing the interest in training labor on small projects”, with a mean of 5.0 and standard deviation of 0.0 for projects older than 20 years, and 4.49 for the other groups. The most important success factors of the small projects in Kuwait according to their age in the market are:

From the viewpoint of managers of projects less than 10 years old

- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions
- Government intervention to save projects in case of hindering or financial crisis
- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment
- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay the loan
- Increasing the interest in training labor on small projects

- Setting up a marketing information system which can reflect the needs of the market
- Appointment a designated manager in managing small projects
- Setting up a clear plan for small projects
- The necessity of separation between management and ownership

From the viewpoint of managers of projects from 10 to less than 20 years old

- Simplifying licensing and registration procedures for small projects
- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment
- Increasing the interest in training labor on small projects
- Setting up a marketing information system which can reflect the needs of the market
- Appointment a designated manager in managing small projects
- The necessity of separation between management and ownership

From the viewpoint of managers of projects 20 years old or more

- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment
- Increasing the interest in training labor on small projects
- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions

- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay the loan
- Stressing the importance of small projects and their role in the development of society
- Simplifying licensing and registration procedures for small projects

To test for statistically significant differences between the mean scores according to project age, the Kruskal Wallis test was used. Table 30, Appendix D shows the test results. We can see the significance of most factors at the 5% level. Thus, there is statistically significant difference between views of categories of study on these factors.

According to profitability level:

Table 31, Appendix D shows the descriptive statistics of small projects in Kuwait according to profitability level (less than KD1000, from KD10000 to less than KD20000, and more than KD20000). From the table we can see the highest scores of the three categories were for “providing some facilities to small project owners, for example: reducing project land prices and reducing the customs duties on project imports such as machinery and equipment”, with means of 4.81, 4.76 and 4.50 respectively.

To test for statistically significant differences between the means for the success factors of small projects in Kuwait according to profitability level, the Kruskal Wallis test was used. Table 32, Appendix D shows the results. We can see the significance of

most factors at the 5% level. Thus, there are statistically significant differences between the views of projects with different levels of profitability on these factors.

From the foregoing, we can reject the second hypothesis and accept the alternative hypothesis:

'There are significant differences between the views of relevant categories of study about the success factors of small projects in Kuwait'

8.4 Relationship between the Problems Facing Small Projects in Kuwait and among the Success Factors of those Projects

The third hypothesis was:

'There is no statistically significant relationship between the problems facing small projects in Kuwait and among the success factors of those projects'

To test this hypothesis we can use correlation and regression models as follows:

Correlation coefficients:

To test this hypothesis we use Spearman's correlation coefficient to measure the relationship between the mean scores of the sample for problems facing small projects in Kuwait (which we might think of as the independent variables) and the average mean scores of the sample for the success factors of these projects (which we might think of as the dependent variable). Table 8.1 shows these correlations.

It is clear from the table that there is a small correlation coefficient between the perceived importance of success factors of small projects and the overall mean for

perceived importance of financial problems, -0.095, which shows that there is generally low correlation between the two variables, while the average correlation between (perceived importance of) marketing problems and (perceived importance of) success factors for small projects is -0.445, which shows a generally inverse correlation between the two variables, significant at the level of 1% level. The correlation between (perceived importance of) administrative and organizational problems and (perceived importance of) success factors for small projects is -0.365, which again shows an inverse correlation relationship between the two variables, significant at the 1% level. By reviewing the table we can see correlation coefficients of high absolute value between most transactions problems facing small projects in Kuwait and the success factors of those projects. The value of the correlation coefficient between the success factors of small projects and “lack of a financial system and of experience in finance analysis to evaluate projects” is -0.593, meaning a moderate inverse correlation relationship exists between the two variables, significant at the 1% level. The value of the correlation coefficient between the success factors of small projects and “the absence of objective principles when pricing small project products” as a component of marketing problems is -0.643 as showing a moderate inverse association between these variables, significant at the 1% level. The table shows the correlations of most marketing problems and organizational and administrative problems have negative signs. We can arrange the most important problems according to the impact on success factors link of small projects in Kuwait as follows:

Legislative problems:

- Plurality of project phases before obtaining a license to practice business

- Difficulty of obtaining industrial land to establish the small project
- Lack of support and protection from dumping in the market
- Plurality of parties that support, regulate and finance small projects

Marketing problems:

- Absence of objective principles when pricing small project products
- Non-availability of designated governmental parties to provide marketing consultation for small projects
- Low quality of products in many small projects
- Non-ability of projects to vary their products

Organizational and administrative problems:

- Lack of experience of project owners in preparing proper feasibility studies
- Rashness in decision taking without prior study
- Absence of a trained work-force
- Lack of administrative skills of small project executives

Finncial problems:

- Lack of an adequate financial system and a lack of experience in the finance analysis required to evaluate projects
- Lack of access to the funding required to finance expansion of the project
- The difficulties of forecasting cash flows

Table 8.1 Correlation coefficients among the problems facing small projects in Kuwait and the success factors of those projects.

Problems	correlation coefficients
First: Financial problems	-0.095
Difficult terms in financing the project	-0.189*
I don't know where to obtain the finance for my project	-0.242*
Financing sometimes depends on the savings of the owner	0.158**
The onerous guarantees required to obtain a loan	0.224*
Refusal of some banks and some financial institutions to adapt their usual practices to the needs of small businesses	0.152**
Difficult terms from the government to finance the project due to the small size of the project	0.127
Not depending on a correct financial analysis before starting the project	0.021
Delay in receiving funds from creditors	0.179**
Difficulties in forecasting cash flows	-0.320*
The weak profitability of small projects	-0.126
Lack of clear and or accurate financial reports that can be depended to evaluate the financial state of the project	-0.111
The high interest rates on loans that are given to small projects	0.242*
The weak credit ratings of small projects that limit their ability to obtain more	0.099
Religious restrictions on certain forms of debt financing	0.225*
Lack of access to the funding required for the future expansion of the project	-0.493*
Lack of a financial system and a lack of experience in the financial analysis required to evaluate the project	-0.593*
Feasible schedule for repaying the principle and making interest payments on the loans	-0.041
Banks refusal to advance loans to small projects because of the high risk	0.050
Second: Marketing problems	-0.445*
Difficulty of marketing small projects products	-0.374*
Low quality of products of many small projects	-0.580*
Difficulty of obtaining government contracts and tenders	-0.222*
Non-availability of proper studies concerning the needs and desires of customers	-0.250*
Inability of projects to vary its products	-0.575*
Absence of objective principles when pricing small project products	-0.643*
Lack of proper distribution system for project products	-0.463*
Increase of domestic and foreign competition for project products	-0.049
Lack of marketing skills of small project owners	-0.457*
Lack of country contribution in organizing exhibitions for selling small project products	-0.161**
Non-availability of designated governmental parties to provide marketing consultation for small projects.	0.598*

Table 8.1 (continue)

Problems	Correlation coefficients
Small projects' concentration on one combination of products and never subject to development	0.275*
Inadequate support for small businesses by co-operative societies in displaying their products	0.100
Small of the size of the Kuwaiti domenstic market	0.480*
Competition from large numbers of small firms competing in the same market	-0.092
Lack of enthusiasm for small project products	-0.263*
Third: Organizational and administrative problems:	-0.365*
Lack of necessary practical experience of project owner	-0.400*
Lack of administrative skills of small projects' executives.	-0.485*
Non-availability of proper plan for projects	-0.097
Lack of efficient trained human resources in managing the project	-0.089
Lack of experience of project owner in preparing proper feasibility studies	-0.683*
High cost of commodities and services	-0.252*
Lack of adeqautely trained work-force	-0.522*
Rashness in decision taking without prior study	-0.530*
Conflict between project owners and project management	0.446*
Neglect of preparation of estimated balances for project works for the coming period	-0.010
Difficulty of determining accountabilitty for negligence	0.082
Lack of training programs which can help workers to develop their administrative skills	0.025
Over-dependence on foreign labor	-0.093
Fourth: Legislative problems	0.532*
Plurality of project phases before obtaining a license to practice business.	0.773*
Lack of legislative incentives to expand and grow small projects	0.549*
Inconsistency of bank credit rules	0.222*
Lack of clear rules to control small project activities	0.495*
Difficulty of obtaining industrial land to establish a small project	0.758*
The country does not submit some facilities to small projects such as: land, buildings, and machinery at low prices	0.270*
Vagueness of executive schedules of rules for controlling the activities of small projects	0.591*
Plurality of parties that support, regulate and finance small projects	0.729*
Lack of support and protection from dumping in the market	0.734*
Lack of a governmental party which can help in solving problems with timely intervention during financial crises and in case of project hindering	-0.250*

*Correlation is significant at the level 0.01.

**Correlation is significant at the level 0.05.

It is clear from the table that there is a positive signal between legislative problems and success factors for small projects in Kuwait. This was illogical, but this is because the legislation was issued by the State, not for those responsible for the project.

Regression models:

Table 8.2 represents a step-wise regression model of the variable success factors of projects and the independent variables, problems facing small projects in Kuwait, and a gradual decline identifies the major independent variables that affect the dependent variable. The results identify the major independent variables that affect the dependent variable.

It is clear that financial problems are significant as the F value is 109.689 and they are significant at the 1% level. The values of the t-statistic and p-values indicate the level of statistical significance when considering each independent variable separately, with significance at the 1%. The most important financial problems affecting the success factors of small projects in Kuwait are:

- Lack of a financial system and a lack of experience in the finance analysis required to evaluate the project
- Lack of clear and accurate financial reports that can be depended on to evaluate the financial state to the project
- The weak profitabilty of small projects
- Delay in receiving funds from creditors
- The high interest rate on loans adadvanced to small projects
- The difficulty of forecasting cash flows

- Failure to depend on a correct financial analysis before starting the project
- Difficult terms from the government to finance the project due to the small size of the project

The coefficient of determination is 0.831, which means that these problems explain 83.1% of the changes that occur in the dependent variable.

Table 8.2 Step-wise regression models

Independent Variable	Variables	F (P-value)	R ²				
					B	t	P-value
Financial problems	X _{3.1.16} X _{3.1.11} X _{3.1.10} X _{3.1.8} X _{3.1.12} X _{3.1.9} X _{3.1.7} X _{3.1.6}	109.689 (0.000)	0.831	Constant	3.161	10.005	.000
				X _{3.1.16}	-.116	-3.769	.000
				X _{3.1.11}	-.595	-2.998	.003
				X _{3.1.10}	-.346	-4.422	.000
				X _{3.1.8}	-.116	-5.207	.000
				X _{3.1.12}	1.160	4.573	.000
				X _{3.1.9}	.331	3.544	.001
				X _{3.1.7}	-.046	-2.863	.005
				X _{3.1.6}	.015	2.162	.032
Marketing problems	X _{3.2.2} X _{3.2.13} X _{3.2.9} X _{3.2.10} X _{3.2.3} X _{3.2.6} X _{3.2.7}	95.440 (0.000)	0.789	Constant	5.220	38.306	.000
				X _{3.2.2}	-.301	-7.674	.000
				X _{3.2.13}	.071	4.753	.000
				X _{3.2.9}	-.084	-4.152	.000
				X _{3.2.10}	.094	4.828	.000
				X _{3.2.3}	.103	4.034	.000
				X _{3.2.6}	-.075	-3.034	.003
				X _{3.2.7}	-.045	-2.214	.028
Organizational and administrative problems	X _{3.3.5} X _{3.3.12} X _{3.3.9} X _{3.3.8} X _{3.3.1} X _{3.3.2}	93.807 (0.000)	0.758	Constant	6.420	19.291	.000
				X _{3.3.5}	-.151	-3.807	.000
				X _{3.3.12}	-.184	-11.860	.000
				X _{3.3.9}	.241	10.093	.000
				X _{3.3.8}	-.714	-7.111	.000
				X _{3.3.1}	.171	3.044	.003
				X _{3.3.2}	.140	4.382	.000
Legislative problems	X _{3.4.1} X _{3.4.6} X _{3.4.2}	231.954 (0.000)	0.792	Constant	3.064	34.562	.000
				X _{3.4.1}	.333	13.475	.000
				X _{3.4.6}	-.104	-6.051	.000
				X _{3.4.2}	.045	3.085	.002

The model also show the significance of marketing problems as the F value is 95.440, and is significant at the 1% level. The t-statistics and p-values indicate significance at the 1% level. The most important marketing problems affecting success factors of small projects in Kuwait are:

- Low quality of products in many small businesses
- Inadequate support for small businesses by cooperative societies, by displaying their products
- Small project owners' lack of marketing skills
- Lack of national exhibitions to promote small project products
- Difficulty of obtaining a government contracts and tenders
- Absence of objective principles when pricing small project products.
- Lack of proper distribution system for project products

The coefficient of determination of 0.789 which means that these problems explain 78.9% of the changes that occur in the dependent variable.

It is clear from the results that the main marketing problem is the low quality of the product. This may be due to using old machinery in the production processes, high prices of raw materials, the difficulty in using engineering cadres and technical personnel, and the lack of adequate quality control (Rakeba Salema, 2006).

The regression model shows organizational and administrative problems are significant with F value of 93.807, significant at the 1% level. A significant regression shows through the t-test and the p-value, as it is significant at the 1% level. The slope

coefficients indicate that the most important organizational and administrative problems affecting success factors of those small projects in Kuwait are:

- Lack of experience of the project owner in preparing proper feasibility studies
- Lack of training programs which can help workers to develop their administrative skills
- Conflict between the owners of the project and project management
- Rashness in decision taking without previous studying
- Lack of necessary practical experience of the project owner
- Lack of administrative skills of small project executives

The coefficient determination is 0.758, which means that these problems explain 75.8% of the changes that occur in the dependent variable.

The regression model also shows the significance of Legislative problems as the F value is 231.954 and it is significant at the 1% level. A significant regression is indicated through the t-test and p-value, as it is significant at the 1% level. The most important legal problems affecting the success factors of small projects in Kuwait are:

- Plurality of project phases before obtaining a license to practice business
- The country does not submit some facilities to small projects such as: land, buildings, and machinery at low prices
- Lack of legislative incentives to expand and grow the small projects

The coefficient of determination is 0.758, which means that these problems explain 75.8% of the changes that occur in the dependent variable.

From the foregoing we reject the third hypothesis and accept the alternative hypothesis:

'There is a significant relationship between the problems facing small projects in Kuwait and among the success factors of those projects'

From identifying the most important problems that affect the success factors for small projects in Kuwait, solving these problems can contribute significantly to the improvement of economic prospects. The development of small projects strongly supports the national economy and contributes to raising gross domestic product. These projects are major suppliers to large projects, and contribute to the diversification of income in Kuwait. Helping to solve the the problem of the over-dependence on oil also contributes to improving the social aspects of Kuwaiti society, through providing job opportunities for young people and solving the problem of unemployment, especially for those with poor academic qualifications. Training these people in the technical field so that they are able to work in these projects reduces reliance on foreign labor.

8.5 Relationship between the problems facing small projects in Kuwait and the intention to continue the project

Fourth hypothesis was:

“There is no significant relationship between the problems facing small projects in Kuwait and the intention to continue the project”.

To test this hypothesis we can use the correlation and regression models as follows:

Correlation coefficients:

To test this hypothesis we use Spearman's coefficient correlation to measure the relationship between the mean views of the sample about the intention to continue the project (independent variables) and the mean views of the sample on the success factors of these projects (dependent variable). Table 8.3 shows the results. It is clear from the table that there is a weak inverse correlation between the overall mean funding problems and continuity of the project as the value of the correlation coefficient is -0.193 and it is significant at the 5% level. The correlation between marketing problems and of continuity of the project is -0.018 which shows a very weak inverse correlation between the two variables and it is not significant at the 5% level. The correlation between administrative and organizational problems and continuity of the project is -0.205 which shows a a weak inverse correlation between the two variables and is significant at the 5% level. The correlation between legislative problems and the

continuity of project is -0.078 which shows a very weak inverse correlation between the two variables and is significant at the 5% level.

The table shows the mean correlations between problem groups and continuity of the project, the correlation between the intention to continue the project and the weak profitability of small projects as a component of financial problems is -0.476 showing a moderate inverse association between these variables, significant at the 1% level. The value of the correlation coefficient between the intention to continue the project and the non-availability of a proper plan for projects as a component of organizational and administrative problems is -0.464. Thus a moderate inverse correlation relationship exists between the two variables and it is significant at the 1% level. The main problems can be arranged by degree of impact on continuity of small projects in Kuwait as follows:

Organizational and administrative problems

- Non-availability of a proper plan for projects.
- Lack of efficient trained human resources in managing the project
- Absence of a trained work-force
- Neglecting to prepare estimated balances for project works for the coming period

Financial problems

- The weak profitability of small projects
- The high interest rate on loans advanced to small projects

- The poor credit rating of small projects that limit their ability to take more loans
-

Legislative problems

- Lack of clear rules to control small project activities
- Vagueness of executive schedules of rules for the control of small projects

Marketing problems

- Small projects' concentration on a limited combination of products, not subject to development.
- Competition from large numbers of small firms competing in the same markets

Table 8.3 Correlation coefficients among the problems facing small projects in Kuwait and the intention to continue the project

Problems	Correlation coefficients
First: Financial problems	-0.193*
Difficult terms in financing the project	0.194*
I don't know where to obtain the finance for my project	0.153**
Financing sometimes depends on the savings of the owner	-0.059
The onerous guarantees required to obtain a loan	0.148**
Refusal of some banks and some financial institutions to adapt their usual practices to the needs of small businesses	0.037
Difficult terms from the government to finance the project due to the small size of the project	0.132
Not depending on a correct financial analysis before starting the project	0.032
Delay in receiving funds from creditors	-0.199*
Difficulties in forecasting cash flows	-0.172**
The weak profitability of small projects	-0.476*
Lack of clear and or accurate financial reports that can be depended to evaluate the financial state of the project	-0.281*
The high interest rates on loans that are given to small projects	-0.400*
The weak credit ratings of small projects that limit their ability to obtain more	-0.206*
Religious restrictions on certain forms of debt financing	-0.076
Lack of access to the funding required for the future expansion of the project	-0.124
Lack of a financial system and a lack of experience in the financial analysis required to evaluate the project	-0.094
Feasible schedule for repaying the principle and making interest payments on the loans	-0.165**

Banks refusal to advance loans to small projects because of the high risk	-0.183**
Second: Marketing problems	-0.018
Difficulty of marketing small projects products	0.032
Low quality of products of many small projects	-0.117
Difficulty of obtaining government contracts and tenders	-0.038
Non-availability of proper studies concerning the needs and desires of customers	0.082
Inability of projects to vary its products	0.030
Absence of objective principles when pricing small project products	-0.002
Lack of proper distribution system for project products	-0.084
Increase of domestic and foreign competition for project products	0.143
Lack of marketing skills of small project owners	0.140
Lack of country contribution in organizing exhibitions for selling small project products	-0.108
Non-availability of designated governmental parties to provide marketing consultation for small projects.	-0.049
Small projects' concentration on one combination of products and never subject to development	0.151**
Inadequate support for small businesses by co-operative societies in displaying their products	-0.040
Small of the size of the Kuwaiti domenstic market	-0.067
Competition from large numbers of small firms competing in the same market	0.150**
Lack of enthusiasm for small project products	0.008
Third: Organizational and administrative problems:	-0.205*
Lack of necessary practical experience of project owner	0.141
Lack of administrative skills of small projects' executives.	-0.213*
Non-availability of proper plan for projects	-0.464*
Lack of efficient trained human resources in managing the project	-0.411*
Lack of experience of project owner in preparing proper feasibility studies	-0.037
High cost of commodities and services	0.098
Lack of adeqautely trained work-force	-0.247*
Rashness in decision taking without prior study	0.106
Conflict between project owners and project management	0.074
Neglect of preparation of estimated balances for project works for the coming period	-0.239*
Difficulty of determining accountabilitty for negligence	0.099
Lack of training programs which can help workers to develop their administrative skills	-0.118
Over-dependence on foreign labor	-0.128
Fourth: Legislative problems	-0.078
Plurality of project phases before obtaining a license to practice business.	0.057
Lack of legislative incentives to expand and grow small projects	-0.095
Inconsistency of bank credit rules	-0.095
Lack of clear rules to control small project activities	0.207*
Difficulty of obtaining industrial land to establish a small project	0.013
The country does not submit some facilities to small projects such as: land, buildings, and machinery at low prices	0.073
Vagueness of executive schedules of rules for controlling the activities of small	-0.146**

projects	
Plurality of parties that support, regulate and finance small projects	0.018
Lack of support and protection from dumping in the market	0.027
Lack of a governmental party which can help in solving problems with timely intervention during financial crises and in case of project hindering	0.054

*Correlation is significant at the level 0.01.

**Correlation is significant at the level 0.05.

Regression models:

Table 8.4 represents a step-wise regression model of the variable (the intention to continue project $x_{1.8}$) and the independent variable (problems facing small projects in Kuwait), and a gradual decline identifies the major independent variables that affect the dependent variable. The results identify the major independent variables that affect the dependent variable.

It is clear from the model that financial problems are significant as the F value is 6.438 and is significant at the 1% level. The t-statistic p-values show significance at the 1% level. The slope coefficients indicate that the most important financial problems affecting the intention to continue the project are:

- Banks refusal to give loans to small projects because of the high risk
- The poor credit ratings of small projects that limit their ability to obtain loan financing

The determination coefficient is 0.065, which means that these problems explain 6.5% of the variance in the dependent variable.

Table 8.4 Step-wise regression models

Independent Variable	Variables	F (P-value)	R ²				
					B	t	P-value
Finncial problems	X _{3.1.18} X _{3.1.13}	6.438 (0.002)	.065	Constant	2.242	9.296	.000
				X _{3.1.18}	-.131	-2.656	.009
				X _{3.1.13}	-.119	-2.624	.009
Marketing problems	X _{3.2.11}	6.668 (0.011)	0.035	Constant	2.168	7.227	.000
				X _{3.2.11}	-.260	-2.582	.011
Organizational and administrative problems	X _{3.3.3}	5.477 (0.020)	0.029	Constant	3.099	4.273	.000
				X _{3.3.3}	-.350	-2.340	.020
Legislative problems	X _{3.4.10}	5.028 (0.026)	0.026	Constant	.842	3.272	.001
				X _{3.4.10}	.145	2.242	.026

Markting problems are also significant as the F value is 6.668 and it is significant at the 5% level. The t test and p-values show that the results are significant at the 5% level, and the slope coefficients show that the most important marketing problems affecting the intention to of continue the project is:

- Non-availability of designated governmental parties to provide marketing consultation for small projects

The determination coefficient is 0.035, which means that this problem explains 3.5% of the variance in the dependent variable.

Organizational and administrative problems are significant as the F value is 5.477 and is significant at the 5% level. The t-statistic and p-values show significance at the 5% level. The most important organizational and administrative problem affecting the intention to continue the project is:

- Non-availability of a proper plan for projects

The determination coefficient is 0.029, which means that this problem explains 2.9% of the variance in the dependent variable.

Legislative problems are significant as F value is 5.028 and it is significant at the 1% level. Significant regression results show through the t-test and the p-value, with significance at the 5% level. The slope coefficients show that the most important legislative problem affecting the intention to continue the project is:

Lack of governmental party which can help in solving problems with timely intervention in financial crises and in case of hindrance to the project. The determination coefficient is 0.026, which means that this problem explains 2.6% of variance in the dependent variable.

From the foregoing, we reject the fourth hypothesis and accept the alternative hypothesis:

'There is a significant relationship between the problems facing small projects in Kuwait and the intention to continue the project'

8.6 Relationship between the success factors of small business in Kuwait and the level of profits earned

The fifth hypothesis was:

“There is no significant relationship between the success factors of small business in Kuwait and the level of profits earned”.

To test this hypothesis we can use correlation and regression models as follows:

Correlation coefficients:

To test this hypothesis we use Spearman’s coefficient correlation to measure the relationship between the mean scores of the sample for the success factors of small projects in Kuwait (independent variables) and the means of the sample for the level of profits earned (dependent variable). Table 8.5 shows the results.

The highest correlation is for providing some facilities to small project owners, for example: reducing project land prices and reducing the customs duties on project imports such as machinery and equipment, 0.223 showing a weak direct correlation relationship between the two variables, which is significant at the 1% level. We can arrange the most important factors for success of projects by relevance to the level of profits earned as follows:

- Submitting some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment

- Financial support for the development and research activities of small projects.
- Increasing the interest in training labor on small projects
- The necessity of separation between ownder ship and management
- Providing machines based on rental purchase with feasible conditions
- Providing help for small projects to distribute their products locally or internationally
- Government intervention to save the project in case of hinderance or financial crisis

Most correlations are positive, indicating that the increase of those factors is expected to increase the level of profit achieved in small projects in Kuwait.

The table shows negative correlation coefficients in some cases between success factors for small projects and the level of profits, and this may be due to the process of accounting and marketing. For example, the negative correlation of the factor “government gives the project owner leave without payment at the beginning of the project” can make the project bear at the beginning the costs of increasing the salary of the project owner to cover the cost of living, so that the project profits will decrease. Similarly, and workers setting up the apparatus to follow-up the collection of debts from customers, and setting up a marketing information system to reflect the changing needs of the market also represent increased costs of the project at its inception, thus reducing profits, though subsequently increasing profits at the stage of maturity and prosperity.

Table 8.5 Correlation coefficients among the problems facing small projects in Kuwait and the level of profits earned

Factors	level of profits
Encouraging private and governmental financial institutions to provide finance for small projects with feasible conditions	0.131
Government intervention to save the project in case of hindering or financial crisis	0.201*
Providing consulation on financial feasibility studies to establish a small project	0.044
Government support for project owner through the National Employees Support project	0.007
The Government gives the project owner leave without payment at the beginning of the project	-0.010
Providing some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipment	0.223*
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan	0.145**
Developing positive attitudes for those in charge of institutions in the private and public sectors about the role of small projects in developing the national economy	0.171**
Stressing the importance of small projects and their role in society's development	0.188*
Setting up apparatus to follow-up the collection of debts from customers	-0.068
Setting up a marketing information system which can reflect the changing needs of the market	-0.062
Improving the prestige of small businesses in society	0.185**
Financial support for the development and research activities of small projects	0.209*
Appointment of a designated manager in managing small projects	-0.138
Designing a clear organizational framework showing the relationships of power and liability with project	0.158**
Developing the administrative skills for those in charge of managing the project	0.001
Increasing the interest in training labor on small projects	0.209*
Simplifying licensing and registration procedures for small projects.	0.094
Providing legislative and material incentives for expansion and growth of small projects.	0.188**
Setting up a clear plan for small projects.	-0.181**
The necessity of separation between ownership and project management	-0.209*
Support development activities and technology modernization for small projects	0.188**
Providing consultation for protection from bankruptcy of concerned parties	0.086

Table 8.5 (continue)

Factors	level of profits
Applying improvement quality systems to support the competitive position for small project products	-0.005
Relating small projects with specialized research centers and universities to solve their problems	0.086
Determining a balanced geographical distribution for the locations of small projects	0.181**
Providing help for small projects to distribute the products locally or internationally	0.205*
Issuance of periodical books reciting the success stories of some projects and reasons for failure of some projects	0.055
Encouraging governmental parties to purchase the products of small projects	-0.169**
Providing machines based on rental purchase with feasible conditions.	0.209*
Providing protection from competition from imported products	0.114
Increasing the interest in holding training programs provided by project concerned parties	-0.090
Setting up designated staff to provide support and consultation needed by small projects	-0.078
Establishing small project incubators in several areas like the El- shewakh incubators	-0.001

*Correlation is significant at the level 0.01.

**Correlation is significant at the level 0.05.

Regression models:

Table 8.6 represents step-wise regression models of variables (the level of profits achieved $x_{2.17}$) on the independent variables (success factors of small projects in Kuwait), and a gradual decline identifies the major independent variables that affect the dependent variable.

Table 8.6 Step-wise regression models

Independent Variable	Variables	F (P-value)	R²				
					B	T	P-value
Factors that help in the success of small projects	$x_{5.6}$	6.134 (0.000)	0.119	Constant	-2.662	-2.559	.011
	$x_{5.15}$			$x_{5.6}$	.597	4.443	.000
	$x_{5.3}$			$x_{5.15}$	.366	2.225	.027
	$x_{5.16}$			$x_{5.3}$	.181	2.583	.011
				$x_{5.16}$	.235	2.111	.036

The regression of the level of profits achieved $x_{2.17}$ on success factors of small projects in Kuwait has the F value 6.134 and it is significant at the 1% level, as the

value of (Sig= 0.000) is less than 1%. The t-test and p-value shows significance at the level 1% The most important success factors of small projects which affect the level of profits achieved in small projects in Kuwait are:

- providing some facilities to small project owners, for example: reducing project land prices and reducing the customs on project imports such as machines and equipments
- Designing a clear organizational frame showing the relationships of power and liability within the project
- Providing technical consultation on financial feasibility studies to establish a small project
- Developing the administrative skills of those in charge of managing the project

The determination coefficient is 0.119, which means that those factors explain 11.9% of the changes that occur in the dependent variable.

From the foregoing, we reject the fifth hypothesis and accept the alternative hypothesis:

'There is a significant relationship between the success factors of small business in Kuwait and the level of profits earned'

8.7 Relationship between the level of profits earned and the intention to continue the project

The sixth hypothesis was:

'There is no significant relationship between the level of profits earned and the intention to continue the project'

To test this hypothesis we can use correlation and regression models as follows:

Correlation coefficients:

To test this hypothesis we use Spearman's coefficient correlation to measure the relationship between the mean scores of the sample on the level of profits earned in small projects in Kuwait (independent variables) and the mean scores on the intention to continue (dependent variable). Table 8.7 shows the correlation coefficients between the level of profits earned and the extent of project continuing. The value of the correlation coefficient is 0.269 as there is a weak direct correlation between two variables, and it is a significant the level of 1%.

Table 8.7 Correlation coefficients among the level of profits earned and the intention to continue the project

	x2.17	x1.8
X _{2.17}	1.000	
X _{1.8}	.269*	1.000

*Correlation is significant at the level 0.01.

Regression models

Table 8.8 represents a simple regression model of the independent variable (the intention to of continue the project) on the dependent variable (the level of profit achieved $x_{2.17}$).

Table 8.8 Simple regression models

Variable	F (P-value)	R ²				
				β	t	P-value
$x_{2.17}$	15.348 (0.000)	0.077	Constant	.750	4.728	.000
			$x_{2.17}$	.311	3.918	.000

The model shows the level of profit achieved is significant as the F value is 15.348 and it is significant at the 1% level. A significant regression show sthrough the t-test and the p-value, as it is significant at the level of 1%, and for fixed slope and reduce correlation. The determination coefficient is 0.077, which means that profit explains 7.7% of the variance in intention to continue.

The intention to continue in the project may be due to the desire of the owner for self-employment without working in the government, which increases the likelihood of continuity regardless of the level of profits over a period of time in the life of the project. The main motivations behind working in a small project are:

- Desire to work freely in private sector away from the government work
- To make use of technical skills in this field

From the foregoing, we reject the sixth hypothesis and accept the alternative hypothesis:

'There is a significant relationship between the level of profits earned and the intention to continue the project'

8.8 Differences between the views of relevant categories of study about the problems facing small projects in Kuwait according to type of sector

The seventh hypothesis was:

'There are no differences between the views of relevant categories of study about the problems facing small projects in Kuwait according to type of sector

Table 8.9 shows descriptive statistics for the problems facing small projects in Kuwait by sector (food, drinks and tobacco - wood industry and its products - textiles, clothing and leather industry - paper products, its printing and publishing - chemical products and oil derivatives -non-metallic mining and mineral products - basic manufactured products - other manufactured products). We can see from the table that the mean scores for the views of all sectors on organizational and administrative problems are close to 5.0, as lowest was 4.55 with a standard deviation of 0.28 for the wood industry and its products, and the largest mean was 4.81 with a standard deviation

of 0.11 for the non-metallic minerals products sector. The low standard deviation indicates the agreement between the views of each category.

Table 8.9 Descriptive statistics of the problems facing small projects in Kuwait according to sector type

	Finncial problems		Marketing problems		Organizational and administrative problems		Legislative problems	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Food, drinks and tobacco	3.06	.45	3.43	.31	4.77	.23	4.07	.49
Textiles, clothing and leather industry	3.23	.42	3.70	.36	4.79	.22	3.69	.64
Wood industry and its products sector	3.07	.44	3.47	.23	4.55	.28	4.18	.19
Paper products, its printing and publishing	3.23	.42	3.37	.29	4.72	.30	4.23	.33
Chemical products and oil derivatives	3.02	.32	3.50	.32	4.72	.23	4.10	.46
Non-metallic mining	3.28	.39	3.45	.36	4.81	.11	4.09	.56
Basic manufactured products	3.69	.43	4.02	.17	4.57	.37	3.36	.43
Other manufactured products	3.51	.50	4.02	.11	4.65	.31	3.21	.36
Chi-Square	40.516*		73.046*		17.451**		76.890*	
P-value	.000		.000		.015		.000	

* Significant at the level 0.01 .

** Significant at the level 0.05 .

We can see from the table the significance of all problems at the significance levels of 5%, and 1%. There are significant differences between the views of the categories of study on the main problems facing small projects in Kuwait, depending on the type of sector. Thus, we reject the seventh hypothesis and accept the alternative hypothesis:

'There are differences between the views of relevant categories of study about the problems facing small projects in Kuwait according to type of sector'.

8.9 Summary

This chapter aimed to examine the variables of the study to test the hypotheses. It was found that only project management and the level of profit have a relationship with the problems facing small projects in Kuwait. For the second hypothesis, it was found that there were significant differences between the views of relevant categories of study about the success factors of small projects in Kuwait. For the third hypothesis it was found that there was a significant relationship between the problems facing small projects in Kuwait and the success factors of those projects. These problems explain 75.8% of variance in the success factors. For at the fourth hypothesis there was a weak relationship between the problems facing small projects in Kuwait and the intention to continue the project. Those problems explain 2.6% of the variance in the dependent variable. The fifth hypothesis to examine the relationship between the the success factors and the level of profits earned. A significant relationship was found between the two variables, with the problems explaining 11.9% of the changes in the dependent variable. For the sixth hypothesis it was found that there was a significant relationship between the level of profits earned and the intention to continue the project. Finally the seventh hypothesis found that there were differences in the views of relevant categories of study about the problems facing small projects in Kuwait according to type of sector.

CHAPTER NINE

CONCLUSIONS AND RECOMMENDATION

9.1 Introduction

The objective of this chapter is to summarize the findings and discussion of this research in relation to the model employed in this study. Recommendations and areas for future research are also discussed.

9.2 Major Findings of the Study

The major objective of the research was to identify the success factors of small businesses in Kuwait. The problems facing small business were identified as financing, marketing, administrative, and legal problems. Research hypotheses were formulated in relation to possibility of significant differences in perception between sample sub-groups, significant relationships between the problems facing small businesses in Kuwait and their success factors, between the problems facing small businesses and continuation of these projects, and between success factors of small business and level of profits, and significant differences in perceptions of the problems facing small business by industry sector.

Participants consisted of small business owners, managers of small businesses and representatives from supporting bodies. A questionnaire was devised to gather data. A response rate of 75.71% (N=187) was obtained for owners and managers of small businesses in the industrial sector in Kuwait, while from the supporting bodies, 36

responses were received from the 45 forms distributed, a response rate of 80%. The main findings in relation to the research questions and objectives are summarized in the following sub-sections.

9.2.1 Demographic Variables

9.2.1.1 Demographic characteristics of project management

The demographic profile of respondents representing project management showed that 62.57% of the samples were small business owners and 37.43% were specialized managers. Owners tended to be slightly older than managers, with the largest concentration in the category 40 years and older, while the majority of specialized managers were aged from 30 to less than 40 years. The results indicated that 90.9% of the respondents were male. Approximately half the respondents in each group had a higher degree. However, a small proportion of owners (4.3%) had no qualification, whereas specialized managers all had academic qualifications.

It was found that 40.6% of the sample had less than five years of experience. The results also indicated that 36.8% of the owner sample were not committed to managing their projects. Desire to work freely in the private sector away from the government work was the reason given by 60.4% of the owner sample for establishing their own projects, while managers were more motivated by the opportunity to make use of technical skills.

The majority of respondents in both categories, 81.2% of the owner sample and 77.1% of the specialized managers, affirmed their intention to continue managing the project.

9.2.1.2 The features of projects

An attempt was made to clarify which features of the projects managed were highly esteemed by the study sample. The results indicated that the majority of projects had been in the market for periods from 10 to less than 20 years, as reported by 51.3% of owners, and 75.7% of the specialized managers. More than two thirds of projects were reported to be the limited liability. Regarding project capital the largest group of owners, 36.8%, said that their project capital was more than K.D. 100,000 , while among specialized managers 41.4% said they managed projects with capital ranging from K.D. 5000 to 50,000.

The majority of projects employed from 20-40 workers (59% for owners and 55.7% for managers). However, 7.7% of owners indicated that their number of workers was less 20. Regarding employed capacity, 52.1% of the owner sample said that their projects used from 60% to 80% of capacity, and suggested that the high cost of the production requirements was the main reason for projects having unused capacity. In contrast 61.4% of specialized managers' sample said they managed projects that used more than 80% of project capacity. In their view, the shortage of human skills for the project was the main reason for projects having unused capacity. Around three quarters of the projects, 77.5% for owners and 74.3% for managers, targeted individuals as the final customer. Both owners, 59%, and managers, 51.4%, showed a preference for

personal sales as their main marketing techniques. Products were in more than two thirds of cases priced on a fixed pricing basis.

According to just over half the sample 50.3% goods were produced on request. A similar proportion described the degree of automation used in the projects as half-automatic. The major future anticipated was continuation of the same project, by 52.4% of the sample. Personal capital was the most important source of finance, 69.5%, in accordance with the known nature of small businesses. As for profit levels, the most frequently reported profit level was between K.D. 10000-20000, with 55.6% of the study sample.

9.2.2 The institutions that support small business in Kuwait

The most important institutions supporting small business, based on frequency of exposure among the research sample are Kuwait University with 76.5%, The General Association for Applied Learning and Training (Preparation Centre for Initiative to Establish Small Enterprise) with 65.2%, Commercial Banks and investment businesses in Kuwait with 64.7% , and the Public Authority for Industry with 64.2 %.

9.2.3 Assistance provided by agencies for small business

The most important forms of assistance could be arranged in the following order; training and consultation with 69.44%, managerial consultations with 64.81%, and technical consultation and assistance with 63.89% .

As for the types of financing assistances given by supporting bodies to owners of small business, finance for purchasing tools came first with 47.2%. The most

important requirement for obtaining financial assistance was the project feasibility study, as reported by 30.6% of the sample.

Technical assistance and consultation provided for small business were of various types: Consultation about quality control 56.48%, training on planning and supervising production 62.96%, consultation about technology that the small business could use 62.69%, and consultations about production schedules, 61.11%. With regard to the managerial assistance and consultation provided for small business owners, consultation about how to make an annual plan for the project and assistance with setting the project plan were perceived as the most important.

9.2.4 The range of problems' effects according to project stages

The effect of problems was investigated in relation to projects' stages of development. The responses to the questionnaire revealed that more than half the projects 50.8% were in the maturation stage, and only a small minority of 4.3% were in decline. Projects in most stages faced financing problems and 43.42% of respondents said that these problems had a strong impact.

The existence of marketing problems was very clear among projects in the maturity stage, with 50.8% of respondents reporting such problems. 45.9% said these problems had moderate impact. As for managerial and organization problems, most projects were challenged by problems of this type, which were considered to have a strong impact by 42.4% of the sample. Most projects were also faced with legal problems and they were predominantly regarded as having moderate impact, this rating being given by 67.53% of respondents.

9.2.5 The results of hypothesis testing

9.2.5.1 Differences between the views of relevant categories of study about the problems facing small business.

Significant differences were found in the views of the problems facing small business in Kuwait, between owner managers and specialized managers, and also based on demographic variables of the project management and features of projects. Based on the data collected from the owners and the specialized managers, it was concluded that the most important problems facing small businesses could be arranged as follows:

Financial problems:

- Low level of profit
- Lack of clear, accurate financial reports that can be depended on to evaluate the financial status of the project
- Delay in receiving funds from creditors
- The high interest on loans that is given to small business

Marketing problems:

- Increase in domestic and foreign competition for project products
- Lack of marketing skills among small project owners
- Absence of objective principles when pricing small project products
- Inability of projects to vary their products

Organizational and administrative problems:

- Lack of proper plan for projects
- Shortage of efficient trained human resources for managing the project
- Project owner's lack of necessary practical experience

- Rashness in decision taking without prior research
- High cost of commodities and services costs because of high rate of losses and shortage of trained labour
- Difficulty of determining accountability for negligence

Legislative problems

- Plurality of parties that support, regulate and finance small business
- Lack of provision to supply small businesses with facilities such as land, buildings, and machinery at low prices
- Inconsistency of bank credit rules

There were also significant differences in views on the success factors of small businesses in Kuwait, between owner's managers and specialized managers, and also between the people responsible for the project and supporting bodies.

Based on the data collected from supporting bodies and project management, it was concluded that the most important success factors of small business could be arranged as follows:

From the viewpoint of supporting bodies:

- Periodic issue of books telling the success stories of some projects and reasons for failure of others
- Linking small businesses with specialized research centers and universities to solve their problems
- Simplifying licensing and registration procedures for small business

- Determining a balanced geographical distribution for the locations of small businesses
- Arousing the interest in holding training programmes by projects concerned with projects
- Establishing small project incubators in several areas such as the El- shewakh incubators.

From the viewpoint of owners and managers of projects:

- Providing facilities to small project owners, for example reducing project land price and reducing the customs duties on project imports such as machinery and equipment
- Increasing the interest in training labour in on small project work
- Simplifying licensing and registration procedures for small businesses
- Encouraging private and governmental financial institutions to provide the finance for small business on reasonable terms
- Setting up a marketing information system which can reflect changes in the market
- Stressing the importance of small projects and their role in national development
- Relaxing the guarantees required to obtain finance for small businesses, stipulating that the project will be the guarantee for repayment of the loan
- Appointment of a designated manager to manage the small business

Problems facing small projects in Kuwait were seen to differ according to type of sector (food, drinks and tobacco; wood industry and its products; textiles, clothing and leather; paper products, printing and publishing; chemical products and oil

derivatives; non-metallic mining and mineral products - basic manufactured products and other manufactured products). The views of all sectors on organizational and administrative problems were similar and close to 5.0 with lowest mean 4.55 with a standard deviation of 0.28 for the wood industry, and the largest mean 4.81 with a standard deviation of 0.11 for the non-metallic and minerals products sector.

9.2.5.2 The relationship between the problems facing small business in Kuwait and the success factors of those projects.

The correlation coefficient between financial problems and success factors for small projects was -0.095, which shows that there is weak correlation between the two variables, while the correlation between marketing problems and success factors for small projects was -0.445 which shows a medium inverse a correlation between the two variables. A weak inverse correlation of -0.365 was found for administrative and organizational problems and a moderate correlation of 0.532 between legislative problems and success factors and all these correlations were significant. Regression models showed that the most important problems affecting the success factors of small businesses in Kuwait are:

Financial problems:

- Lack of a financial system and of experience in finance analysis to evaluate projects
- Lack of clear or accurate financial reports that can be depended on evaluate the financial status of the project
- Low profits of small businesses
- Delay in receiving funds from the creditors
- The high interest on loans given to small business
- The difficulty of forecasting cash flow

- Not conducting a proper financial study before starting the project
- Difficult terms from the government to finance projects due to the small size of projects

These problems together explain 83.1% of variance in the critical success factors.

Marketing problems:

- Low quality of products in many small businesses
- Inadequate support for small businesses by cooperative societies, by displaying their products
- Small project owners' lack of marketing skills
- Lack of national exhibitions to promote small project products
- Difficulty of obtaining government contracts
- Absence of objective principles when pricing small project products
- Lack of a proper distribution system for project products

These problems together explain 78.9% of the variance in the critical success factors.

Organizational and administrative problems:

- Lessened experience of project owners in preparing proper feasibility studies
- Lack of training programmes which can help workers to develop their administrative skills
- Struggle between the owners for project control
- Rashness in decision taking without previous research

- Project owners' lack of necessary practical experience
- Small business executives' lack of administrative skills

These problems explain 75.8% of the variance in the critical success factors.

Legislative problems:

- Plurality of project phases before obtaining a license to do business
- Lack of provision for making facilities such as land, buildings, and machinery available to small businesses at low prices
- Lack of legislative incentives to expand and grow the small businesses

These problems explain 75.8% of the variance in the critical success factors

9.2.5.3 The relationship between the problems facing small business in Kuwait and the intention to continue the project.

There is a weak inverse correlation -0.193 between the overall mean of financing problems and continuation of in the project and a weak inverse correlation of -0.205 between administrative and organizational problems and continuation of small projects. Both were significant at the 5% level. From the regression models, the most important problems affecting continuation of small projects in Kuwait were found to be:

Financial problems

- Banks' refusal to give loans to the small projects because of the high risk
- The high rate of debt of small projects, which weakens their ability to obtain further financing

These problems explain 6.5% of variance in continuity.

Marketing problems

- Non-availability of designated governmental parties to provide marketing consultation for small projects

These problems explain 3.5% of variance in continuity.

Administrative problems

- Non-availability of proper plan for projects

These problems explain 2.9% of variance in continuity.

Legislative problems

- Lack of a governmental party which can help in solving problems and intervene in times of crisis and in case of project hindering

These problems explain 2.6% of variance in continuity.

9.2.5.4 The relationship between the success factors of small business in Kuwait and the level of profits earned.

Most correlation coefficients between the success factors of small projects in Kuwait and the level of profit earned were weak, The highest correlation was for provision of facilities to small project owners, for example, reducing project land price and reducing the customs duties on project imports such as machinery and equipment the correlation between this factor and the level of profit earned was 0.223, which is weak, but it is significant at the 1% level.

The success factors that most affect the level of profits earned in small projects in Kuwait are:

- Provision of facilities to small project owners, for example, reducing project land price and reducing the customs duties on project imports such as machinery and equipment.
- Designing a clear organizational framework that shows the relationships of power and liability within the project
- Provision of technical consultancy about financial feasibility studies to establish a small project
- Developing the administrative skills of those who are in charge of managing the project

These factors explain 11.9% of the variance in level of profits earned.

9.2.5.5 The relationship between the levels of profits earned and project continuation.

There is a weak direct correlation between the two variables at 0.269, significant at the 1% level. Level of profit explains 7.7% of the changes that in project continuation. Continuation the project may be due to the desire of the owner for self-employment rather than working for the government, which increases the likelihood of continuity regardless of the level of profit. Conditions can vary over the lifetime of the project, and changing conditions may increase profits to the desired level. However, the main motivations behind working in a small project are:

- Desire to work freely in the private sector away from the government work
- To make use of technical skills

9.3 Discussion

The present research seeks to identify the problems facing small businesses, the success factors of these projects, the relation between the problems facing small projects and the continuity of these projects, and the relations between the success factors of these small projects and standards achieved. To test that, data gathering relied on two questionnaires; one forwarded to managers and proprietors of small businesses, the second forwarded to foundation officials supporting small businesses in Kuwait (these are 9 bodies assigned to provide support for small businesses). Each questionnaire contained a number of questions that sought to study and analyze small businesses in the state of Kuwait, in terms of general description of these projects' demographic qualities and characteristics, and the most significant problems facing small businesses.

The small business sector is characterized by a high rate of failure in most parts of the world, particularly during the early years of life for such projects. Kuwait is no exception in this regard, with small businesses there experiencing a number of problems requiring the implementation of techniques to overcome the hurdles facing these projects, ensure sustainability and success.

It is natural to assume that such relationships would be significant, but results of the present research showed otherwise, indicating only a weak relationship between the problems posed to these projects and their continuity, with the value standing at 2.6% accounting for variations affecting the dependent variable (i.e. continuity of small businesses in Kuwait). In regard to problems facing small businesses, the funding issue turned out to be the major barrier, accounting for 83% of variations taking place in the dependent variable (success factors of small businesses in the state of Kuwait).

Due to the fact that Kuwait is one of the richest states with vast resources available, the Kuwait government has been able to set up a small business fund to finance small projects (about 224 million sterling pounds). In 1996 the state of Kuwait established a corporation to run this fund named the Kuwaiti corporation for the development of small businesses. However, this corporation did not perform the assigned tasks properly. Moutalik al saanei, Board Chairman of the corporation, on the side lines of a meeting, by the ordinary general assembly, in May 2009, said that the corporation continued to perform its new activities in 2008 at a reasonable rate, compared to years when the corporation's activity came to a relative halt. He added that the corporation contributed during 2008 to the establishment of 12 projects, that is, 1.2 million Kuwaiti dinars. The corporation's share was 200,000 Kuwaiti dinars. In addition, during 2008 the corporation extinguished the carry forward losses of past years (Al Anbaa news paper 2009). Moreover, the Kuwaiti government has also established a portfolio for funding small businesses. In 1998 with the Kuwaiti Industrial Bank taking charge (the Bank was founded in 1973); the Capital of the portfolio is estimated at 50 million Kuwaiti dinars (about 112 million sterling pounds) for funding small businesses. However, small businesses still suffer from the lack of needed funds that negatively affect the success chances of these projects. Funding problems are not confined to the availability of liquidity needed, as the latter is provided by the monetary funds established for that purpose by the Kuwaiti government. Based on the study results, a major stumbling block in terms of funding is the tough conditions attached to the provision of funds to small businesses, the poor marrying attained from such projects, besides the absence of effective financial controls, lack of financial analysis experience, and adequate evaluation of project feasibility.

Furthermore, the study results show there is no reliance on actual feasibility studies prior to launching these projects; small businesses meanwhile suffer from marketing difficulties in local and foreign marketplaces. On the domestic level, there is a lack of marketing experience, in terms of use of scientific marketing techniques, insufficient private exhibitions, and failed projections of market conditions (Lutfi, 1991).

On the foreign level, local industries experience difficulties in marketing on the foreign markets due to their poor competitiveness, lack of proper advertising and publicity to promote products of such industries abroad, besides low quality and high prices (Abd Al Motaleb, 1984). The present study identified major marketing problems affecting success of small businesses in Kuwait, some of which are: poor quality of products by these projects, and lack of support provided by societies cooperatives to small businesses, with no outlets for the display of products available, since societies cooperatives are considered a principal outlet for food stuffs and consumer goods, and making up 70% of the Kuwaiti market place. Moreover, other problems include lack of marketing skills required for small project personnel, and poor contribution provided by the state of Kuwait in the area of organizing exhibitions for the sale of small business products. Finally, a lack of distribution outlets for the products of small projects is a problem, and accounts for 79% of variations taking place in the dependent variable (success factors for the small businesses in Kuwait)

In regard to the most significant managerial and administrative problems negatively impacting the success factors of small businesses in Kuwait, these include: lack of training programs that help staff develop their managerial skills, lack of the

experience required for owners of such projects, particularly when it comes to the preparation of proper feasibility studies, the conflict among small business owners for running activities, and lack of managerial skills needed for those who carry out such projects. These managerial problems account for 75.8% of variations taking place in the success factors affecting small businesses in Kuwait.

Regarding the legislative problems affecting the success factors of small businesses in Kuwait, these include the multiple steps and authorization bodies for the issue of licenses for such activities, lack of facilities provided by the state, such as loans buildings, or tools at affordable prices, and insufficient statutory incentives for the expansion and growth of small businesses. These legislative problems account for 78.2% of variations taking place in the dependent variable (success factors of small businesses in Kuwait).

The present study has also identified a very important variable in small businesses, (i.e.) level of profits earned, where the effect of the success factors of these projects on the level of profits earned was measured. Though it was expected for these factors to be important in making profits, the study results showed otherwise as the success factors accounted for only 11.9% of variations taking place on the level of profits earned. The most important success factors have turned out to be, provision incentives to small business owners, design of an appropriate organizational structure manifesting power relations and responsibility for the project, and provision of technical consultation on feasibility studies required for the creation of small businesses.

Final, after reviewing results and problems facing small projects along with the impact on success factors affecting these projects, it can be said that more research is needed in the area of developing small businesses and meeting their goals, to forge the radical solutions needed to overcome the problems cited by the present research (funding, marketing, administrative, and legislative). However these tasks are challenging and call for further examination of other aspects that may impact on the success of these projects, such as the economic, social, and technological barriers posed to the effective implementation of these activities.

9.4 Recommendations

The most important recommendations are presented in the following:

9.4.1 Financial Recommendations

- Small projects should be given help in getting funds for the project from funding institutions, channels and banks in Kuwait with lower interest rates.
- The government should guarantee small projects' debts to cover the risk if they cannot pay.

9.4.2 Marketing Recommendations

- To improve small project managers' skills in marketing, including promotion, product distribution and pricing.
- There is a need for provision of facilities related to the importing process, by supporting these small projects to participate in national exhibitions, and also providing other facilities such as shipping and insurance which will help to reduce domestic and foreign competition for the small projects' products.

9.4.3 Administrative recommendations

- There is a need for specialized training courses in the small projects field to help in conducting economic feasibility studies for small projects.
- The skills of people supervising small projects can be improved by participating in special training courses, for example on decision making, handling conflict, designing the organization structure and clarifying lines of authority and responsibility.

9.4. 4 Legislative Recommendations

- Clear legislation governing small projects' activity is needed.
- A single body should be established for supporting, funding and licensing small project activity, helping to solve the problems they face promptly, and completing all the paper work related to small projects in one place.
- Customs duty advantages should be given to imports for the production processes of small projects, such as a material, machinery and packaging materials.

9.5 Suggestions for Future Research

Many areas have been explored in this research, on which future studies could build in order to expand the existing knowledge. The trend of the future research is envisaged to be as follows:-

1. Study the financing problems of small and medium enterprises in Kuwait.
2. Study the international experience of SMEs and their success factors.
3. Carry out a study to determine the effect of cultural and social variables on SBs.
4. Study the role of business incubators in the development of SMEs.
5. Study small businesses in fields other than industry, the focus of the present study, for example, the commercial and services small businesses.

9.6 Limitations of the Study

Every research has limitations and this research is no exception. These limitations are as follows:

1. The population was limited to the owners and managers of small industrial projects, and officials of supporting bodies in Kuwait.
2. The word “owners” as used in this study means the owners of SBs who manage their projects by themselves, while the term “specialized manager” means people who manage the SBs.
3. This study identified the most important problems (Financial, Marketing, Administrative, and Legislative) which face SBs, and their effect on the success factors.
4. The study used existing questionnaires to collect data about the demographic variables of SB owners and managers, and the features of these projects, as well as to determine the most important problems (Financial, Marketing, Administrative, and Legislative) which affect the SBs' success factors.

BIBLOGRAPHY

- AbdAlmutaleb, AbdAlmutaleb, (1984), *Small Industry roles in economic development in Egypt*, Academic Journal, College of Commerce, Asyot University, Asyot, June , Egypt.
- Abdul Kader Mohammed Abdul Kader (1999), *Secrets of Japan Advancement*, Cairo, P.P. 172-173
- Abdul Kader Mohammed Abdul Kader (1999), *Status of Minor Industries within the Light of International Variables*, Mansoor University, Arab Republic of Egypt
- Abdulghani, SamahMustaffa (2004) *activating the role of small projects to serve the objective of the Egyptian Economic Development*, Ministry of Finance, Central Department of Financial Researches and Administrative Development, Arab Republic of Egypt, P 7.
- Abdulhameed Mustafa Abu Naem (2002), *Small Projects Management*, Al Fajl Publishing and Distribution House, Cairo, Egypt.
- AbdulhameedTalat Assad (2002), *Future & Marketing Technology, Opportunities & Risks* , Mansoura University, Faculty of Commerce, Egypt.
- AbouZiyab, Nabeel (2003), *definition of small and medium projects and its importance to economic and social development, the requirements of its success and the impediments it faces*. A research work submitted to the sixth annual meeting entitled, "the role of the Islamic banks and financial institutions to finance small and medium projects", Arabian Academy for Financial and Banking Sciences, Amman, 27-29 Sep., P4.
- Affana, Jihad Abdullah &AbouEid, QasimMousa, (2004), *small projects management*, Aliarazouri Scientific Publishing and Distribution House, Amman, Jordan, P.11.
- Ahmed Jabr (2000), *Marketing Department, Concepts, Strategies & Applications*, Ain Shams Library, Cairo, Egypt.
- Ain Shams library, Cairo, p.156.
- Al Ali, Ahmed Abdullah and Al-GouhryShawkyZidan (2002) *Al Kuwait: Civilization and History*, Kuwait
- Al Asraj, Hossain Abdul Mutalib (2007), *the impact of the Arabian Customs Union on small and medium industries in the Arab countries*, Ministry of Commerce and Industry, Egypt, P 4.
- Al Asraj, Hossain Abdul Mutalib (2007), *future of small projects in Egypt*, Egyptian Public Authority for Book, Cairo, P 52.

- Al Bahisi, Ossam Mohammed (2006), *towards modern methods to finance to small projects at Gazza Strip*, survey of the small projects owners at Gazza Strip, a conference organized by Faculty of Commerce, the Islamic University, 13-15 Feb. , Gazza, PP 6-7.
- Al Bakry, S.M (1973), *Administrative problems facing development of small industries*, application on the shoe & furniture sectors, Unpublished Master Thesis, Faculty of commerce, Cairo University.
- Al Ganem, Ali (2005) Industry in Kuwait between Incentives and Obstacles, *Investors magazine*, Vol 45, Kuwait,20/12/2005.
- Al Gasser, Abdul Mohsen (2003) *Running small Businesses*, Kuwait.
- Al Hadi, Mohammed (1995), *Methods of Preparing and Documenting Scientific Research*. Cairo : The Academic Library.
- Al Hajeri, Abdullah saad (1999) *Evaluation of Wakf's fund Investment in Kuwait*, Unpublished Master Thesis, Ain shams University Cairo, p.34.
- Al Hamami, MuhammedSaed, AbouDiyab, (2005) *loan guarantee funds opportunities and challenges*, the Jordanian case, 12th annual conference, Arabian Academy for financial and banking sciences, Jordan, 29-31 May.
- Al Hannawi, Hamdi (2006), *regulating small projects*, Alexandria Book Center, Alexandria, P 57.
- Al Hattem, Moussa, Ghadban (2001). *The Economic Development in Kuwait*, Kuwait:The Center for Gulf and Arab Peninsula Studies.
- Al Hawar, Sayed, (1996) *Funding & Investment*, Ain shams library, 1982, p.287.
- Al Kafry, Mustafa, (2000), *Gulf Cooperation council on Economic Globalization*, G.C.C. Economies, 21st Century Opportunities conference, King Faisal University, Saudi Arabia.
- Al Khassousi, Badr El Din Abbas (1983) *Studies into the Social and Economic History of Kuwait in the Modern Age*, Kuwait: That Alaselasel Publishing.
- Al Lahlah, Ahmed Abdullah and Abu-Bakr, Mostafa Mahmoud (1998) *The Scientific Research: Scientific Basics, and Applied Cases* , Cairo: Al-Dar Al-Gamiah.
- Al Mahrook, Maher Hassan & Moqabala, Ehab (2006), *small and medium projects, its importance and impediments*, small and medium projects center, Jordan, Ayar P 3.
- Al Mansour, Cassar& Al Chowki, Haddad (2000) *Small projects management*, Al hamed House, Amman, First Edition, P 43.

- Al Mejren, Abas, (2000) *Small Industry*, *Arab Journal of Administrative Science*, May, Vol 7, No 2, P. 33.
- Al Motawa Abdul Rahman, (2000) *Business Incubator project*, Symposium on small project opportunities, 17-18 Apr., Kuwait.
- Al Mottawa, Abdullah (1987) *Funding small Businesses in K.S.A*, Unpublished Master Thesis, King Saud University, p.62.
- Al Mudaf, Hamoud (1999) *Founding small Businesses*, Kuwait.
- Al Nagar, Faried Rajab (1999) *Running small Businesses* , Alex., Egypt, p.49.
- AL Najar, Ahmad, (2000) *Small Business and privatization on Globalization*, Gulf Cooperation Council Economies – 21st Century opportunities conference, King Faisal University, Saudi Arabia.
- Al Najar, Fayez Jumah& Al Ali, Abdul Satar Mohammed (2006), *leadership and management of small projects*, Al Hamed Publishing and Distribution House, Amman, Jordan, First Edition, PP 63-64.
- Al Najar, Fayez Jumah (2001) *strategic planning in the small industrial organizations*, field study at Erbid Governorate, unpublished Master Degree Treaties, Yarmouk University, Jordan, P 55.
- Al pander, G.G. (1990) *Managerial Issues and problem solving in the formative Management*, vol. 28, No.2, Apr., pp. 9-19.
- Al Rabiaie, Falah Khalaf (2006) *Analytical Study of small projects financing problem*, Omar Al Mukhtar University, Libya, P 7-8.
- Al Romey Adel, (2000) *Small projects: problems and solutions*: symposium on small project opportunities, 17-18 Apr., Kuwait.
- Al Romi, Adel, 1(999) *Small Business in Kuwait*, 2nd Arab Forum on small & medium industries, Kuwait.
- Al Sana'a Mutlak, (2009) *Kuwait Small Business Development Company: General Meeting* , Al-Anba'a newspaper, Kuwait, 15 may, p. 14.
- Al Sharah, Ramadan, Turki Al Shemari, Mohammed Al Askar (2006) *Commercial Banks*, Kuwait, P.132.
- Al shorkawy. M.F, (1981), *small Industries and Industrial Development with application on weaving & spinning Industry*, National planning Institute, Egypt .
- Al sultan, E,E (2002), *Paper submitted from the Kuwaiti corporation for the Development of small businesses*, Kuwait symposium on small project opportunities 17-18 Apr. Kuwait.

- Al Suttan, Adnan Aly, (1999), *Role played by the Small Industries in luring National labor and Stimulating National Economy*, 1st conference of Kuwaiti Industrial its, Apr.Kuwait.
- Al Warifly, Thurraya Ali Hossain (2006), *small and medium projects in Libya*, facts and prospective, the international forum, requirements of rehabilitation of small and medium projects in the Arab countries, 17-18 April, Libya, P 91.
- Al Wugayan, Adel & Al Shimmiri, Turki (2010), Encouragement of entrepreneurship in affluent economies: The case of Kuwait, *The International Business & Economics Research Journal*, Littleton, Jun. , Vol. 9, Iss. 6, PP. 1-10.
- Al Youssef, Saleh Mohammed (1995) *Main Themes of Industrial Activity in Kuwait*, Industrial Bank of Kuwait, Dec. Kuwait.
- Allub, Muhammed Hamed (2003), *small and handicraft industries in Egypt*, capabilities and impediments, Al Hakim Printing House, Cairo, P 57.
- Anna Hipkiss (2010), *Make Your Small Business a Winner*, Great Britain for Hodder Education, London, UK.
- Anter and elyan (2006) *Factors of success and failure of small projects in the light of contemporary challenges*, International Forum: the requirements of the rehabilitation of small and medium enterprises in the Arab countries. On 17 and 18 April 2006, Algeria.
- Argenti, J., (1986) Predicting Corporate Failure, *Accountancy*, vol. 12, Issue: 11.
- Ashraf Abdul Aleem Abu Al Maathi (1992) *Small Projects in the Arab Republic of Egypt*, Master Treatise, Faculty of Commerce, Ain Shams University, Egypt.
- Assisi, Salah Addin Hassan (2009), *Micro, small and medium projects support strategies and mechanism*, Cairo, Arab thinking House, , P.3.
- Atef Al Shabrawi, (1999), Launching Business in The Technological Projects Nursery at Tepeen, *Engineers Magazine*, Issue No. 525, December 1999, PP 67 – 68.
- Awqat public foundation, (1996) *Small Business care project*, Kuwait.
- Ayman Omar (2007) *Small Projects Management*, University House, Cairo, Egypt, P.P. 38-39.
- Bader Al-Deen, AbdullHameed, (2000) *Small Business present and future*, Kuwait News Agency, Kuwait.
- Bader Al-deen, AbdullHameed, (2005), *Small Business salutation for employment in GCC*, Kuwait.

- Bardell, R., (1988) Banking on the Business Plan, *Accountancy*, Feb. Vol 29.
- Barnard, J., (1986) *Getting Strategic Planning off The Ground Manager*, Manage(Third Quarter).pp. 9-10
- Birley, S. and David, N., (1985) Small Va Large Companies: The Entrepreneurial Conundrum, *The Journal of Business Strategy*, Vol.6,No1,pp. 81-87
- Bracker, J. S. and John, N. P., (1986) Planning and Financial Performance of Small, Mature Firms, *Strategic Management Journal*, vol. 7.
- Cappron, B. K. and Levy, L., (1995) *Methodology for Avoiding Failure*, Manufacturing Systems, Oct.
- Claudio Romano and JanekRatanatunya, (1995), the Role of Marketing, Its Impact on Small Enterprise, *European Journal of Marketing*, vol. 29, No.7
- Croft, Nancy L. (1987), *Keeping Your Business Afloat*, Nation's Business, February, P. 16-18
- Cromie, S., (1991) The Problems Experienced by Young Firms, *International Small Business Journal*, vol. 9, No. 3.
- Davidson, W. and Dutia, D., (1991) Debt Liquidity and Profitability Problems in Small Business Firms, *Entrepreneurship*, vol. 16, No. 5.
- *Development of small Industries in Arab countries*: Paper submitted to the 1st Arab conference on Role of S.B. in Industrial Development, 15-17 Feb. Cairo.
- Dr. AbdulrahmanYusri (1996), *Development of Minor Industries & Problems of Its Finance*, University House, Alexandria.
- Ebied, Saied Tawfeek (1997) *Funding Basics and Financial Management*,
- Edwards, E. D., (1992) *what Financial Problems*, Institute of Management Accounting, USA.
- Egyptian banking institute (2007), *financial concepts, the role of the commercial bank in the finance of small and medium projects*, Central Bank of Egypt, Issue 8, P 2.
- Einba, Hala (1995) *A model for measuring success of small Businesses in Egypt*, Unpublished PhD Thesis, faculty of commerce, Cairo University, Cairo.
- European Commission, (2005) *The new SME definition; user guide and model declaration*, Enterprise and Industry Publication, P.14.
- Farhan, Mohammed Abdulhamid (2006) *Islamic finance of small projects*, studying the most important sources of finance, Arabian academy for financial

and banking sciences, Faculty of financial and banking sciences, Islamic banking department, P. 15.

- Fergnson, T., (1987) *Hidden Dangers*, *Canadian Business*, Sept., pp. 21-22.
- Ferjani, Nader (2000) *The informal and small sector in Egypt*, Arab Planning Institute, Kuwait, P. 3.
- Ghunaim, Ahmed Farouq (2006) *small and medium projects as owners and users of copy rights*, published research, special international projects center, Washington, PP 2-3.
- Goma'a, Ahmed Helmy et al. (1999) *Basics of Scientific Research in Economic, Financial and Administrative Sciences*. Amman: Dar Safa'a for Publishing and Printing.
- Gulf organization for Industrial consultations, (1994) *Toward a Unified Gulf strategy for the Development of small and Medium Industries*, paper submitted to the symposium on Developing Methods of small & Medium Industries in the Gulf cooperation council, Jan, Muscat.
- Gulf organization for Industrial consultations, (2000), *Small and Modern projects*, *Gulf Industrial Journal*, Volume 5, GCIO, Qatar.
- Haikel, Mohammed (2003) *Skills of small projects management skills*, Arabian Nile Group, First Edition, P 19.
- Halah Mohammed Anaba (2002), *Small Projects Management in the Arab World*, Arabian, Administrative Development Organization, Cairo, Egypt.
- Hamilton, R. (1987) *Motivation and Aspirations of Business Founders*, *International Small Business Journal*, Vol 6, No.1, January/March, pp.70-78.
- Heigan, AbdulRahman (1992) *Most Significant Values Adopted by Managers in Shaping the Culture of Two Saudi Organizations: the Royal authority of Gobiell and Yanboa-Sabic Company*. *Public Administration Magazine*, April, Vol. 74. pp.7-37.
- Helmy. R.A. (1992) *Small Industries in Egypt*, American University ,Cairo.
- Hills, G.E. (1985). *Market analysis in the business plan: Venture capitalists' perceptions*. *Journal of Small Business Management*, Vol 23, No.1, pp. 38-46.
- Hisham Ali Abdulkhaled (1999) *Role of Social Development Fund in the Finance of Small Projects in Egypt*, Master Treatise, Faculty of Commerce, Ain Shams University, Egypt.

- Holmes, S. & Zimmer, I. (1994) The Nature of the Small Firm: Understanding the Motivations of Growth and Non-Growth Oriented Owners, *Australian Journal of Management*, Vol 19, No.1, June, pp.97-120.
- Hormozi, Amir M., Sutton, Gail S., McMinn, Robert D. and Lucio Wendy (2002), Business plan for new or small businesses : paving the path to success, *Management Decision Journal*, Vol. 40, No. 8, PP. 755-763.
- Ibrahim Youssef , (1995) *conference on Development and labor market need*, A modern study by the Higher commission for Development and economic Reform- 8- 10 Jan, Cairo, Egypt.
- ILO (2004), *Affair globalization, creating opportunities for all*, PP 59 – 61.
- Industrial Bank of Kuwait, (1996), *Industrial Bank of Kuwait and the Kuwaiti Industrial March in 20 years 1974-1994*, Kuwait.
- International labor office (1991) , *The diemmo of informal sector*, report of the Director General, Geneva, P 4.
- Islamic Development Bank, (1999), *SME & Microenterprises in the Environment of Privatization*, Istanbul.
- Khalil Fathi, (1999) *Report on small industries and Crafts: Incentives provided to these Businesses in Kuwait*. Public Authority for Industry, Kuwait.
- Kristiansen, S., Furuholt, B., & Wahid, F. (2003), Internet café entrepreneur: pioneers in information dissemination in Indonesia, *The International Journal of Enterpreeurshio and Innovation*, Vol. 4, No. 4, PP 251-263.
- Labor force magazine (2005), *job opportunities and increase of productivity*, year 1, issue 1, March, Tripoli, Libya, PP 28-29.
- Lotfi, Ali, (1991), *Thousand Day Project*, Alahram Economic Journal,
- Maher Hassan Al Mahrook, Ehab, interview (2006), *Small and Intermediate Projects, its importance and impediments*, Oman, Small & Intermediate Installations Center, Jordan, PP 4-5
- Maher Soufiyan Al Ani, ShawkiNajiJawad, HussainArshid, and HythemHijazi (2010), *Small Projects Management, Leading Technological Prospective*, Al Safa Publishing and Distribution House, First Edition, Amman, Jordan, P 28
- Mahmoud Ibrahim (2000), *Role of Specialist Banks to Encourage Small Projects*, small projects and sustainable development Horizons in the Arab World Conference, 18-20 April 2000, Cairo, Egypt.

- Mahmoud, MuhammedAbdulhamid (2005) *the role of banks and financial and economic institutions*, 12th International Annual Conference, Arabian Academy for financial and banking sciences, Jordan, 29-31 May.
- Mohammed Kamal Al Hamzawi (2000), *Role of the Banking Systems to Achieve Sustainable Development Via Small Projects*, small projects and sustainable development Horizons in the Arab world Conference, 18-20 April 2000, Cairo, Egypt
- Mohammed, Ahmed QadriMukhtar (2009), *The role of small projects to restrict unemployment*, Development of Social Fund, Zagzig, Arab Republic of Egypt, P 2.
- Mokhtar, Ibrahiem (1984) *Bank Principal* , Cairo, p.208.
- Mottawa'a, Saad Abdul Hamid, (2000), *Failure of S.B: Ressions and Remedy* : 1st conference on S.B and sustainable Development in the Arab world,
- Nahid Mohammed MohammedMatarid (2002), *Administrative Efficiency Assessment of the Egyptian Minor Industrial Projects compared with Foreign Readymade Garments Sector*, Doctorate treaties, Faculty of Commerce, Ashar University, Egypt.
- Najar, Ahmed Monier, (2000), *Small Businesses Reality and Prospects in the state of Kuwait*, Al Mansoura University, Cairo.
- Office of Advocacy U.S.A small Business Admin. (1998) *Small Business Growth by Major Industries 1988- 1995*, Washington D.C.
- OwlaAdly Hanna Al Sheikh (1995), *Management of Small and Intermediate Projects*, Master Treatise, Faculty of Economy and Political Sciences, Cairo University, Egypt.
- Peel, M. J. and Wilson, N., (1995), Working Capital and Financial Management Practices in the Small Firm Sector, *International Small Business Journal*, Jan. and Feb..
- Public Authority for Industry, (2001) *Manpower in private sector*, AL-ANPA Newspaper, Kuwait.
- RashaAbdulaziz Ismail Al Najar, *Assessment of Business Environment and its impact on the management of small industries compared with minor industries in the field of readymade garments*, Master Treatise, Faculty of Commerce, Hilwan University, Egypt.
- Richardson, Robert Owen, (1999) *The entry of Canadian small business into international*, Unpublished PhD thesis McGill University, Canada.

- Ritchie, B. & Lam, W. (2006), Taking stock of small business and entrepreneurship research, *International Journal of Entrepreneurial Behavior and research*, Vol. 12, No. 6, pp. 312-327.
- Saeed Al Hawari (1982), *Bank Management*, Ain Shams University Library, Cairo, Egypt.
- SaeedTawfikObaid (1997), *Investment & Securities Portfolio*, Ain Shams University Library, Cairo, Egypt.
- SaeedTawfikObaid, (1998) *Investment in Securities*, Ain Shams University Library, Cairo, Egypt.
- Scott, M. (1991) *A European View*, Proceedings of the 1991 Conference of the Small Enterprise Association of Australia and New Zealand, Wollongong, NSW, September, pp. 10-19.
- Shaker, Nabil (1996) *Effective Management of funds and projects*, Ain Shams library, 2nd Edition, Cairo, p.110.
- Sharon, Nelton (1992) *Ten key threats to success*, Nation's Business, June, pp. 18-24.
- Sidihoum, R.N (1969) *Problems of Industrial organization in the small industries sector*, Unpublished master thesis, Faculty of commerce, Ain Shams University, Egypt.
- Siegel, S. and Castellan, N. J. (1988) *Nonparametric Statistics for the Behavioral Sciences*, 2nd ed. New York: McGraw- Hill Book, P. 35.
- Simpson, M. (2004), Small Business e-commerce management, *Journal of small business and enterprises development*, Vol. 11, No. 3, pp. 415-416.
- Stanworth, M. & Curran, J. (1976) Growth and the Small Firm, *Journal of Management Studies*, 13, pp.97-110.
- Steiner, M.P. (1988) Factors for success in small Manufacturing firms , *Journal of Business Management*, January 1988, pp. 51-56. Tawfeek, Hassan (1985) " Small Businesses : Funding and Financial Management", Cairo, p.316. The Industrial Report "Next Century of small Businesses" The Industrial Magazine, Kuwait, Vol. 49, 1999.
- The Saudi House for consultative services Document on the small- Medium Industries, (1994) *role in the Industrial Development in Kingdom of Saudi Arabia*, Industrial cooperation Journal, vol. 56, Kuwait.
- UNECE., (2003), *Conclusions and recommendations of the expert meeting on how to become suppliers of large enterprises transnational corporations*, Geneva, 20-21 March.

- United Nation, (1995) *Economic and Social Commission for Asia and Pacific: Small Industry Bulletin for Asia and the pacific* (ESCAP) .
- Vera Hughes and David Weller (2010), *Set up a Successful Small Business*, British Library, Cataloguing, UK.
- Watson, J. and Jim, E., (1994) Small Business Failure Rates: Choice and Size Effect, *Journal of Entrepreneurial Small Business finance*, vol. 3, No. 3.
- Wichmanne, H. (1983) Accounting, the key to small Business success, *American Journal of small Businesses*, vol.7, No.4, Apr. June, pp. 19-26.
- Yusry, Ahmad, Abdul rahman, (1996) *Small Business Development and Financing problem*, Al Dar printing press, Alexandria, Egypt.
- Zhang, Yull (2000), Learning function and small business growth, *Managerial Auditing Journal*, Vol. 15, No.5, pp. 228-231.

APPENDIX B: QUESTIONNAIRE FOR SUPPORTING BODIES

The Financing and Success Factors of Small Business in Kuwait

Dear Sir / Madam,

It is a well known fact that small projects are one of the main pillars up on which the economic structure of any given country is built. Out of this prospective, all nations care about this projects in order to push the production wheel further were a head.

Theses questions between your hands are only questionnaire aimed at serving a scientific research rounded the study of the most important problems that face the small projects and also the most important elements that can grant success to these projects by playing an effective role in achieving the economic and sociable developmental goals.

Kindly, read carefully all parts of the questionnaire and answer all its items bearing in mind. That all the information in the questionnaire is for the sake of the scientific research why and it will be highly confidential. We thank you in advance for your response.

Please accept my sincere regards.

Researcher

Abdullah al –Hajeri

Name of the organization:

-What are the types of support given to small projects owners? (put a mark in front of the sentence that suit your actual activities).

Elements	Greatly given	Moderately given	Never given
1. Financing aids 2. License aids 3. Financial and accounting consultation 4. Marketing consultations and aids 5. Technical consultations and aids 6. Managerial consultations and aids 7. Legal aids and consultations 8. Training and consultations 9. Aids in feasibility study			

-Please mention if there are any other types of support given to small projects owners?

-If your organization gives support to small projects owners, what are the types of this support?

- Cash ()
- Tools Perching Fund ()
- Funding project's location ()
- Banking ()

-What are the requirements needed to obtain financing aids?

- Ocular grantees ()
- Check and Bills ()
- Project's Feasibility study ()
- Personal guarantee ()
- Other person guarantee ()
- No grantee ()
- Other ()

-What is the rate on the loan given to small projects owners?
() annually.

-Is there a grace period?

Yes ()

Range

No ()

-What is the maximum period to pay the loan?

() years.

-What is the most common way of paying the loan?

- Monthly ()
- Quarterly ()
- Half yearly ()
- Yearly ()
- Other ()

-How often the following aids and marketing consultations are provided for small projects owners? (Related to the supporting organization).

Elements	Greatly given	Moderately given	Never given
1. Aiding small project owner to make market researches 2. Training on the right way to plan marketing activities 3. Planning local fairs and invite them 4. Planning foreign fairs and invite them 5. Training them on pricing their product 6. Training on promoting their products 7. Facilitating the acquiring of data needed for market researches			

-How often the following technical aids and consultations provided for small projects owners?

Elements	Greatly given	Moderately given	Never given
<ol style="list-style-type: none"> 1. Providing technical training programmes with small fees 2. Consultations about the most suitable tools 3. Training on planning and supervising production 4. Consultations on production scheduling 5. Consultations on best technology for small project to use 6. Consultations on quality control 7. Providing maintenance and spare parts 			

-How often the following managerial aids and consultations provided for small projects owners?

Elements	Greatly given	Moderately given	Never given
<ol style="list-style-type: none"> 1. Aides on setting project aims 2. Consultations on planning annual plans 3. Consultations on setting recruiting standards 4. Aids in setting rewards system 5. Training on book keeping 6. Training on evaluating project's performance 7. Consultations on workers training programs 8. Consultation on workers supervision programs 9. Training on managing capital to ensure the repay of the loan 			

-Following are some problems that may face the small projects during its life stages. Please indicate how far do you approve that this problems effect on your project, by giving the problem takes number 5 if it is very effective and number 4 if it has an effect and number 3 if it is some how effect and number 2 if it has a small effect and number 1 if it has no effect.

	Very effective	effective	Effective to some extent	Weak effective	Not effected
First: financial problems:					
1) difficult terms in financing the project					
2) I don't know where to take the finance to my project					
3) The finance is some times depend on the saving of its owner					
4) The huge guaranties that is required to make a loan					
5) Refusal of some banks and some of the financial insinuations to change their usual branches to go a lone with the qualities of the small projects					
6) Difficult terms from the government to finance the project due to the small size of the project					
7)Not depending on a correct finance study research before starting the project					
8) The weak way to collect the account from the loaners in time					
9) The difficulty to forecast to cash flow					
10) The weak profit that small projects gain					
11) There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project					
12) The high interest on loans that is given to small projects					
13) The high rate of debit to the small projects that weak its ability to take more loans					
14) There are some religious aspect to make the loan					
15) There are no substituted money to face any future expand in the project					
16) There are no financial system and a lack of experience on the finance analyses to evaluate the project					
17) There are enough permission time before collecting the loans settlements and the interests					

18) Banks refuses to give loans to the small projects because of the high risk					
19) Other to be mention					
<u>Second: Marketing problems:</u>					
1. Difficulty to marketing small projects products					
2- Low quality of products in many small projects.					
3- Difficulty of obtaining a government contracts and tenders.					
4- Non-availability of proper studies that concerning needs and desires of customers.					
5- Non-ability of projects to vary its products.					
6- Absence of objective principles when quoting small project products.					
7- Lacking of proper distribution system for project products.					
8- Increasing the interior & exterior competition for project products.					
9- Lacking of marketing skills of small project owners.					
10- Lacking of country contribution in organizing exhibitions for selling small project products.					
11- Non-availability of designated governmental parties to submit the marketing consultancies for small projects.					
12- non- sufficiency of co-operative societies support for small projects by finding show places for its products.					
13- Smallness of Kuwaiti market size to accept the products.					
14- Mention another:					
<u>Third: organizational and administrative problems:</u>					
1- Lacking of necessary practical experience of project owner.					
2- Lacking of administrative skills of small projects executives.					
3- Non-availability of proper plan for projects.					
4- Lacking of efficient trained human resources in managing the project.					

5- Lessened experience of project owner in preparing proper feasibility studies.					
6- Absence of a trained work-force					
7- Rashness in decision taking without previous studying					
8-. Struggle between the owners for project management possessors.					
10- Neglecting of preparing estimated balances for project works about coming period.					
11- Entirely dependence on foreign labors in managing project.					
12- Mention another:					
<u>Fourth: Legislative problems:</u>					
1- Plurality of project phases before obtaining a license of practicing business.					
2- Lacking of legislative motives to expanse and grow the small projects.					
3- Instability of bank credit rules.					
4- Lacking of clear rule to control small projects activities.					
5- Difficulty of obtaining industrial area to establish a small project.					
6- The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.					
7- Vagueness of executive schedules of rules that control works of small projects.					
8- Plurality of parties that support, regular and finance small projects.					
9- Lacking of support and protection from the Dumping in the market.					
10- Lacking of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering					
11- Mention another:					

Below, a group of factors that help in the success of small projects, please determine the effectiveness degree of each factor that help in the success of projects according to your point of view, it means that No. (5) → Very effective and No. (1) → not effective.

	Very effective	effective	Effective to some extent	Weak effective	Not effective
1- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.					
2- Government interference to save the project in case of hindering or financial crisis.					
3- Submitting the technical consultancy about financial feasibility studies to establish a small project.					
4- The Government supports project owner through National employees supports project					
5- The Government gives the project owner a leave without payment at the beginning of the project					
6- Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.					
7- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.					
8- Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.					
9- Stressing the importance of small project and its role in society development					
10- Setting up an apparatus to follow-up the collection of revenues sales from customers.					
11- Setting up a marketing information system which can reflect the echo of market.					
12- Improvement the society looking to small business.					
13- Financial support for developing and research activities that concerning small projects.					
14- Appointment a designated manager in managing small projects.					
15- Designing a clear organizational frame shows the relationships of power and liability with project.					

16- Developing the administrative skills for those who in charge for managing the project.					
17- Increasing the interesting in training labors on small project works.					
18- Simplifying license and registration procedures for small projects.					
19- Submitting some legislative and material motives to expansion and grow up the small projects.					
20- Setting up a clear plan for small projects.					
21- The necessity of separation between management and possession.					
22- Support developing activities and technology modernization for small projects.					
23- Submitting consultancies for protection from bankruptcy through concerned parties.					
24- Applying improvement quality systems to support the competitive position for small project products.					
25- Relating small projects with specialized research centers and universities to solve the problems.					
26- Determining a balanced geographical distribution for the locations of small projects.					
27- Submitting help for small projects to distribute the products locally or international.					
28- Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.					
29- Encouraging governmental parties to purchase the products of small projects.					
30- Providing machines based on rental purchase with feasible conditions.					
31- Providing protection from competitive imported products.					
32- Increasing the interesting in holding training programs submitted by project concerned parties.					
33- Setting up designated staff to submit supports and consultancies which are needed by small projects.					
34- Establishing small project incubators in several areas like El- shewakh incubators					
36- Mention another:					

APPENDIX C: QUESTIONNAIRE FOR OWNERS AND MANAGERS

The Financing and Success Factors of Small Business in Kuwait

Dear Small Business Owner and Manager,

It is a well known fact that small projects are one of the main pillars up on which the economic structure of any given country is built. Out of this prospective, all nations care about this projects in order to push the production weal further were a head.

These questions between your hands are only questionnaire aimed at serving a scientific research rounded the study of the most important problems that face the small projects and also the most important elements that can grant success to these projects by playing an effective role in achieving the economic and sociable developmental goals.

Kindly, read carefully all parts of the questionnaire and answer all its items bearing in mind. That all the information in the questionnaire is for the sake of the scientific research why and it will be highly confidential. We thank you in advance for your response.

Please accept my sincere regards.

Researcher

Abdullah al –Hajeri

1) Details for the manager of the project

1- Do you run the project as?

- Owner of the project
- Specialized manager

2- Age

- Less than 20
- From 20 less than 30
- From 30 to less than 40
- 40 and more

3- Gender

- Male
- Female

4- Qualifications

- Without qualification
- High school
- University degree
- higher studies graduate

5- Experience on running the project

- Less than 5 years
- From 5 to 10 years
- From 10 to 15 years
- From 15 and more

6- Commitment to project management

- Full fine commitment
- Part time commitment
- No commitment

7- What is the main purpose for establishing the project? (You can choice more Than one)

- Desire work freely on private sector away from the government work.
- Fulfill the need for social prestige
- Desire to pursue adventurous
- To make use of my technical skills in this field
- Inheriting the project from my father
- Desire to obtain a rewarding financial out come
- Others mention

8-For how long do you intend to run the project?

- Of course I will continue
- Often I will continue
- I don't know
- Often I will not continue
- Of course I will not continue

2) Qualities of the project

1) How long is the project in the markets now?

Year

Month

2) What is the legal form of the project

- Individual project
- Cooperation project
- Small firm project
- Limited liability
- Joint venture

- More to mention

3) How much is the project capital?

- Less than 5000
- From 5000 to 50000
- From 50000 to 100000
- From 100000 to 250000
- More than 250000

4) How many is the project manpower?

- Less than 10
- From 10 to 50
- From 50 to 100
- More than 100

5) What is the percentage of used capacity in the project? (Approximately)

() %

6) Why is there an unused capacity in the project (if any)?

- Shortage of human skills for the project
- Unavailability of production requirements
- The high cost of the production requirements
- Low demand on the product of the project
- Difficulty to open new markets
- Other to be mentioned

7) What is the ultimate consumption sectors you deal with

- Individuals
- Private sector companies
- Foreign companies

- Government boards
- Other to be mention

8) which of the following techniques do you depend in distributing you products

- Whole sale merchants
- Retail merchant
- Direct to the final customer
- Exporting
- Agents
- Other to mention

9) From the following method which one do you use to propagate to you products

- Advertisement
- Personal sales
- Refresh your sales (gifts)
- Other to be mention

10) How you can pricing the product?

- Competitors price
- Fixed price
- The product cost
- Other to be mention

11) What is the production system that is used in the project?

- Production when request
- Continuing production to the market
- A mix of continuing production to some kinds and when request to other

12) What is the mechanism degree that is used in the project?

- Manual
- Automatic
- Half automatic

13) What is the direction of the project in future?

- Amalgamation with another projects
- Continue same project
- Decrease business size
- Expand
- Dissolution the project
- Change the type of business
- Other to mention

14) What is the main source of financing the project?

- Personal capital only
- Capital plus loans
- Loans only
- Capital and other sources (not loans)
- Other sources

15) What is the legal status to the project?

- registered
- not registered

Which of these organizations you deal with:

serial	constitutions	
1	Public Authority for Industry	
2	Kuwait company to develop small enterprises	
3	Kuwait industrial Bank (portfolio for financing handicrafts and small enterprises)	
4	Kuwait Commerce and Industry chamber.	
5	Kuwait University	
6	The General Association for Applied Learning and Training (Preparation center for inactive to establish small enterprise)	
7	Kuwait national council.	
8	Ministry of Commerce and Industry	
9	Work force Restructuring program and national executive board.	
10	Commercial Banks and investment business in Kuwait.	

17) Please complete the following survey from the records not by memory

	Years					
	1999	2000	2001	2002	2003	2004
<i>Total workers</i>						
<i>Total value of the assist</i>						
<i>Value of sales estimated selling price</i>						
<i>Cost of sails</i>						
<i>Administrative expenses</i>						
<i>Interest</i>						
<i>Net profit</i>						

3) Following are some problems that may face the small projects during its life stages. Please indicate how far do you approve that this problems effect on your project, by giving the problem takes number 5 if it is very effective and number 4 if it has an effect and number 3 if it is somehow effect and number 2 if it has a small effect and number 1 if it has no effect.

	Very effecti ve	effective	Effective to some extent	Weak effecti ve	Not effecti ve
<u>First: financial problems:</u>					
1) difficult terms in financing the project	5	4	3	2	1
2) I don't know where to take the finance to my project	5	4	3	2	1
3) The finance is sometimes depend on the saving of its owner	5	4	3	2	1
4) The huge guaranties that is required to make a loan	5	4	3	2	1
5) Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	5	4	3	2	1
6) Difficult terms from the government to finance the project due to the small size of the project	5	4	3	2	1
7)Not depending on a correct finance study research before starting the project	5	4	3	2	1
8) The weak way to collect the account from the loaners in time	5	4	3	2	1
9) The difficulty to forecast to cash flow	5	4	3	2	1
10) The weak profit that small projects gain	5	4	3	2	1
11) There are no direct or accurate financial Reports that can be depended	5	4	3	2	1

to evaluate the financial state to the project					
12) The high interest on loans that is given to small projects	5	4	3	2	1
13) The high rate of debit to the small projects that weak its ability to take more loans	5	4	3	2	1
14) There are some religion aspect to make the loan	5	4	3	2	1
15) There are no substituted money to face any future expand in the project	5	4	3	2	1
17) There are no financial system and a lack of experience on the finance analyses to evaluate the project	5	4	3	2	1
18) There are enough permission time before collecting the loans settlements and the interests	5	4	3	2	1
19) Banks refuses to give loans to the small projects because of the high risk	5	4	3	2	1
20) Other to be mention					
<u>Second: Marketing problems:</u>					
1. Difficulty to marketing small projects products	5	4	3	2	1
2- Lacking of marketing information which is available for small projects owners.	5	4	3	2	1
3- Low quality of products in many small projects.	5	4	3	2	1
4- Difficulty of obtaining a government contracts and tenders.	5	4	3	2	1
5- Non-availability of proper studies that concerning needs and desires of customers.	5	4	3	2	1
6- Non-ability of projects to vary its products.	5	4	3	2	1

7- Absence of objective principles when quoting small project products.	5	4	3	2	1
8- Lacking of proper distribution system for project products.	5	4	3	2	1
9- Neglecting of the promotion of project products.	5	4	3	2	1
10- Increasing the interior & exterior competition for project products.	5	4	3	2	1
11- Lacking of marketing skills of small project owners.	5	4	3	2	1
12- Lacking of country contribution in organizing exhibitions for selling small project products.	5	4	3	2	1
13- Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	5	4	3	2	1
14- Small projects concentration based on one combination of products and never subject to development.	5	4	3	2	1
15- non- sufficiency of co-operative societies support for small projects by finding show places for its products.	5	4	3	2	1
16- Smallness of Kuwaiti market size to accept the products.	5	4	3	2	1
17- Availability of bigger numbers of small firms working in similar field than market need.	5	4	3	2	1
18- Non enthusiastic interesting in small project products.	5	4	3	2	1
19- Mention another:					
<u>Third: organizational and administrative problems:</u>					
1- Lacking of necessary practical experience of project owner.	5	4	3	2	1
2- Lacking of administrative skills of small projects executives.	5	4	3	2	1
3- Non-availability of proper plan for projects.	5	4	3	2	1
4- Difficulty of separation between possession and management.	5	4	3	2	1

5- Lacking of efficient trained human resources in managing the project.	5	4	3	2	1
6- Increasing the dependence upon hand work and decreasing the utilization of modern machines and developed productive methods.	5	4	3	2	1
7- Lessened experience of project owner in preparing proper feasibility studies.	5	4	3	2	1
8- Highness of commodities and submitted services costs because of losses highness and absence of trained labors.	5	4	3	2	1
9- Rashness in decision taking without previous studying.	5	4	3	2	1
10- Struggle between the owners for project management possessors.	5	4	3	2	1
11- Vagueness of power and liability inside the project.	5	4	3	2	1
12- Instability of organizational structure of project (if it is available).	5	4	3	2	1
13- Neglecting of preparing estimated balances for project works about coming period.	5	4	3	2	1
14- Difficulty of determining delinquency liability about fulfilling some tasks.	5	4	3	2	1
15- Lacking of training programs which can help labors to develop their administrative skills.	5	4	3	2	1
16- Entirely dependence on foreign labors in managing project.	5	4	3	2	1
17- Lacking of diversity and suitable numbers of qualified work force to work in the project.	5	4	3	2	1
18- Mention another:					
<u>Fourth: Legislative problems:</u>					
1- Plurality of project phases before obtaining a license of practicing business.	5	4	3	2	1
2- Lacking of legislative motives to expanse and grow the small projects.	5	4	3	2	1

3- Instability of bank credit rules.	5	4	3	2	1
4- Lacking of clear rule to control small projects activities.	5	4	3	2	1
5- Difficulty of obtaining industrial area to establish a small project.	5	4	3	2	1
6- The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.	5	4	3	2	1
7- Vagueness of executive schedules of rules that control works of small projects.	5	4	3	2	1
8- Inconsistency of some rules to make small projects.	5	4	3	2	1
9- Plurality of parties that support, regular and finance small projects.	5	4	3	2	1
10- Non-availability of granted customs advantages on project imports.	5	4	3	2	1
11- Lacking of support and protection from the Dumping in the market.	5	4	3	2	1
12- Lacking of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering.	5	4	3	2	1
13- Mention another:					

- Determent the phase of your project now?

Beginning Growing Maturity Declination

- There are any financial problems faces your project in this phase? **Yes No**

- If your answer yes please determine the effectiveness degree of financial problems face your project in this phase?

Very effective Effective Effective to some extent Weak effect

-There are any marketing problems faces your project in this phase? **Yes No**

- If your answers yes please determine the effectiveness degree of marketing problems face your project in this phase?

Very effective Effective Effective to some extent Weak effect

- There are any organizational and administrative problems face your project in this phase? **Yes No**

- If your answer yes please determine the effectiveness degree of organizational and administrative problems face your project in this phase?

Very effective Effective Effective to some extent Weak effect

-There are any legislative problems faces your project in this phase? **Yes No**

- If your answers yes please determine the effectiveness degree of legislative problems face your project in this phase?

Very effective Effective Effective to some extent Weak effect

- **What are three significant problems face your small project?**

5)Below, a group of factors that help in the success of small projects, please determine the effectiveness degree of each factor that help in the success of projects according to your point of view, it means that No. (5) → Very effective and No. (1) → not effective.

	Very effective	effective	Effective to some extent	Weak effective	Not effective
1- Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	5	4	3	2	1
2- Submitting health insurance services for project labors.	5	4	3	2	1
3- Establishing a relationship between labors' syndicates and small project controllers.	5	4	3	2	1
4- Government interference to save the project in case of hindering or financial crisis.	5	4	3	2	1
5- Submitting the technical consultancy about financial feasibility studies to establish a small project.	5	4	3	2	1
6- Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	5	4	3	2	1
7- Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	5	4	3	2	1
8- Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	5	4	3	2	1
9- Setting up an apparatus to follow-up the collection of revenues sales from customers.	5	4	3	2	1
10- Designing a developed financial system enable project owner or manager to financial control and plan about project works.	5	4	3	2	1
11- Setting up a marketing information system which can reflect the echo of market.	5	4	3	2	1
12- Improvement the society looking to small business.	5	4	3	2	1
13- Financial support for developing and research activities that concerning small projects.	5	4	3	2	1

14- Appointment a designated manager in managing small projects.	5	4	3	2	1
15- Designing a clear organizational frame shows the relationships of power and liability with project.	5	4	3	2	1
16- Developing the administrative skills for those who in charge for managing the project.	5	4	3	2	1
17- Increasing the interesting in training labors on small project works.	5	4	3	2	1
18- Submitting the support to purchase the production necessities with low cost.	5	4	3	2	1
19- Simplifying license and registration procedures for small projects.	5	4	3	2	1
20- Submitting some legislative and material motives to expansion and grow up the small projects.	5	4	3	2	1
21- Setting up a clear plan for small projects.	5	4	3	2	1
22- The necessity of separation between management and possession.	5	4	3	2	1
23- Support developing activities and technology modernization for small projects.	5	4	3	2	1
24- Submitting consultancies for protection from bankruptcy through concerned parties.	5	4	3	2	1
25- Planning production processes for small projects.	5	4	3	2	1
26- Applying improvement quality systems to support the competitive position for small project products.	5	4	3	2	1
27- Relating small projects with specialized research centers and universities to solve the problems.	5	4	3	2	1
28- Determining a balanced geographical distribution for the locations of small projects.	5	4	3	2	1
29- Submitting help for small projects to distribute the products locally or international.	5	4	3	2	1
30- Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	5	4	3	2	1
31- Encouraging governmental parties to purchase the products of small projects.	5	4	3	2	1
32- Providing machines based on rental purchase with feasible conditions.	5	4	3	2	1

33- Providing protection from competitive imported products.	5	4	3	2	1
34- Increasing the interesting in holding training programs submitted by project concerned parties.	5	4	3	2	1
35- Setting up designated staff to submit supports and consultancies which are needed by small projects.	5	4	3	2	1
36- Mention another:					

APPENDIX D: DESCRIPTIVE STATISTICS TABLES

Table 1 Distribution of the research sample according Commitment to project management

		Full time commitment	Part time commitment	No commitment	Total
Owner of the project	<i>N</i>	34	40	43	117
	%	29.1	34.2	36.8	100.0
Specialized manager	<i>N</i>	59	9	2	70
	%	84.3	12.9	2.8	100.0
Total	<i>N</i>	93	49	45	187
	%	49.7	26.2	24.1	100.00

Table 2 Distribution of the views of the sample about the main motive for establishing a project according to project management

		Owner of the project		Specialized manager		Total	
		no	Yes	no	yes	no	yes
Desire to work freely in private sector away from government work.	<i>N</i>	4	113	6	64	10	177
	%	2.1	60.4	3.2	34.2	5.3	94.7
To fulfill the need for social prestige	<i>N</i>	107	10	60	10	167	20
	%	57.2	5.3	32.1	5.3	89.3	10.7
Desire to pursue adventure	<i>N</i>	84	33	53	17	137	50
	%	44.9	17.6	28.3	9.1	73.3	26.7
To make use of technical skills in this field	<i>N</i>	40	77	0	70	40	147
	%	21.4	41.2	0	37.4	21.4	78.6
Inherited the project from my father	<i>N</i>	97	20	66	4	163	24
	%	51.9	10.7	35.3	2.1	87.2	12.8
Desire to obtain a rewarding financial out come	<i>N</i>	63	54	53	17	116	71
	%	33.7	28.9	28.3	9.1	62.0	38.0

Table 3 Distribution of legal forms of projects according to project management role.

		Individual project	Cooperation project	Small firm project	Limited liability	Joint venture	Total
Owner of the project	<i>N</i>	3	5	8	82	19	117
	%	2.6	4.3	6.8	70.1	16.2	100.0
Specialized manager	<i>N</i>	5	6	11	46	2	70
	%	7.1	8.6	15.7	65.7	2.9	100.0
Total	<i>N</i>	8	11	19	128	21	187
	%	4.3	5.9	10.2	68.4	11.2	100.00

Table 4 Distribution of the views of the research sample about reasons behind projects having unused capacities, according to project management category

		Owner of the project		Specialized manager		Total	
		no	Yes	no	yes	no	yes
Shortage of human skills for the project	<i>N</i>	63	54	23	47	86	101
	%	33.7	28.9	12.3	25.1	46.0	54.0
Unavailability of production requirements	<i>N</i>	98	19	51	19	149	38
	%	52.4	10.2	27.3	10.2	79.7	20.3
The high cost of production requirements	<i>N</i>	29	88	25	45	54	133
	%	15.5	47.1	13.4	24.1	28.9	71.1
Low demand for the product of the project	<i>N</i>	63	54	30	40	93	94
	%	33.7	28.9	16.0	21.4	49.7	50.3
Difficulty of opening new markets	<i>N</i>	86	31	54	16	140	47
	%	46.0	16.6	28.9	8.6	74.9	25.1

Table 5 Distribution of final consuming sectors being deal with according to project management

		Individuals	Private sector companies	Foreign companies	Government bodies	Total
Owner of the project	<i>N</i>	57	49	9	2	117
	%	48.7	41.9	7.7	1.7	100.0
Specialized manager	<i>N</i>	28	22	9	11	70
	%	40.0	31.4	12.9	15.7	100.0
Total	<i>N</i>	85	71	18	13	187
	%	45.5	38.0	9.6	7.0	100.00

Table 6 Distribution of the techniques used in production distribution according to project management category

		Wholesale merchants	Retail merchant	Direct to the final customer	Exporting	Total
Owner of the project	<i>N</i>	14	7	93	3	117
	%	12.0	6.0	79.5	2.6	100.0
Specialized manager	<i>N</i>	4	9	52	5	70
	%	5.7	12.9	74.3	7.1	100.0
Total	<i>N</i>	18	16	145	8	187
	%	9.6	8.6	77.5	4.3	100.00

Table 7 Distribution of the marketing techniques for project products according to project management category

		Advertisement	Personal sales	Refresh your sales (gifts)	Total
Owner of the project	N	33	69	15	117
	%	28.2	59.0	12.8	100.0
Specialized manager	N	24	36	10	70
	%	34.3	51.4	14.3	100.0
Total	N	57	105	25	187
	%	30.5	56.1	13.4	100.00

Table 8 Distribution of the method of pricing products according to project management category

		Competitors price	Fixed price	The product cost	Total
Owner of the project	N	20	14	83	117
	%	17.1	12.0	70.9	100.0
Specialized manager	N	7	16	47	70
	%	10.0	22.9	67.1	100.0
Total	N	27	30	130	187
	%	14.4	16.0	69.5	100.00

Table 9 Distribution of the view of the research sample about the future trend of the project, according to project management category

		Owner of the project	Specialized manager	Total
Amalgamation with another projects	<i>N</i>	14	22	36
	%	7.5	11.8	19.3
Continue same project	<i>N</i>	62	36	98
	%	33.2	19.3	52.4
Decrease business size	<i>N</i>	7	3	10
	%	3.7	1.6	5.3
Expand	<i>N</i>	34	9	43
	%	18.2	4.8	23.0
Dissolution of the project	<i>N</i>	0	0	0
	%	0	0	0
Change the type of business	<i>N</i>	0	0	0
	%	0	0	0
Total	<i>N</i>	117	70	187
	%	62.6	37.4	100.0

Table 10 Distribution of form of assistance given by the supporting boards to the owners of small business

		No support	Medium support	Big supports	Relative Importance
Financing assistance	<i>N</i>	23	7	6	50.93
	%	63.9	19.4	16.7	
Licensing assistances	<i>N</i>	24	12	0	44.44
	%	66.7	33.3	0	
Financial and accounting consultation	<i>N</i>	24	3	9	52.78
	%	66.7	8.3	25.0	
Marketing consultation and assistance	<i>N</i>	15	15	6	58.33
	%	41.7	41.7	16.7	
Technical consultation and assistance	<i>N</i>	9	21	6	63.89
	%	25.0	58.3	16.7	
Managerial consultation and assistances	<i>N</i>	11	16	9	64.81
	%	30.6	44.4	25.0	
Legal assistances and consultations	<i>N</i>	24	3	9	52.78
	%	66.7	8.3	25.0	
Training and consultation	<i>N</i>	6	21	9	69.44
	%	16.7	58.3	25.0	
Assistance with feasibility study	<i>N</i>	21	12	3	50
	%	58.3	33.3	8.3	

Table 11 Distribution of the requirements needed to obtain financing assistance

	<i>N</i>	<i>%</i>
Ocular guarantees	10	27.8
Checks and Bills	7	19.4
Project's Feasibility study	11	30.6
Personal guarantee	5	13.9
Other person's guarantee	3	8.3
No guarantee	0	0
Total	36	100

Table 12 Distribution of form of marketing assistance provided for small projects owners

		No Sup port	Medium Support	Big Support	Relative Importance
Assistances small project owner to conduct market research	<i>N</i>	15	15	6	58.33
	<i>%</i>	41.7	41.7	16.7	
Training on the right way to plan marketing activities	<i>N</i>	6	24	6	66.67
	<i>%</i>	16.7	66.7	16.7	
Planning local fairs and invite them	<i>N</i>	7	21	8	67.59
	<i>%</i>	19.4	58.3	22.2	
Planning foreign fairs and inviting projects to participate	<i>N</i>	11	18	7	62.96
	<i>%</i>	30.6	50.0	19.4	
Training them on pricing products	<i>N</i>	18	9	9	58.33
	<i>%</i>	50.0	25.0	25.0	
Training on promoting products	<i>N</i>	24	9	3	47.22
	<i>%</i>	66.7	25.0	8.3	
Facilitate of data needed for marketers research	<i>N</i>	13	17	6	60.19
	<i>%</i>	36.1	47.2	16.7	

Table 13 Distribution of forms of technical assistance provided for small project owners

		No Suppo rt	Medium Support	Big Support	Relative Importanc e
Providing technical training programed with small fees	N	20	9	7	54.63
	%	55.6	25.0	19.4	
Consultation about the most suitable tools	N	19	9	8	56.48
	%	52.8	25.0	22.2	
Training on planning and supervising production	N	8	24	4	62.96
	%	22.2	66.7	11.1	
Consultation on production scheduling	N	9	24	3	61.11
	%	25.0	66.7	8.3	
Consultation on best technology for small project to use	N	12	16	8	62.96
	%	33.3	44.4	22.2	
Consultation on quality control	N	9	18	9	66.67
	%	25.0	50.0	25.0	
Providing maintenance and spares parts	N	22	11	3	49.07
	%	61.1	30.6	8.3	

Table 14 Distribution of forms of managerial assistance provided for small project owners

		No Suppo rt	Medium Support	Big Support	Relative Importan ce
Assistance on setting project aims	<i>N</i>	8	11	17	75
	%	22.2	30.6	47.2	
Consultation on setting annual plans	<i>N</i>	9	6	21	77.78
	%	25.0	16.7	58.3	
Consultation on setting recruiting standards	<i>N</i>	9	13	14	71.3
	%	25.0	36.1	38.9	
Assistance in setting reward system	<i>N</i>	9	12	15	72.22
	%	25.0	33.3	41.7	
Training on book keeping	<i>N</i>	21	9	6	52.78
	%	58.3	25.0	16.7	
Training on evaluating project's performance	<i>N</i>	22	2	12	57.41
	%	61.1	5.6	33.3	
Consultation on workers training programmes	<i>N</i>	9	24	3	61.11
	%	25.0	66.7	8.3	
Consultation on worker supervision programmes	<i>N</i>	21	10	5	51.85
	%	58.3	27.8	13.9	
Training on managing capital to ensure the repayment of loans	<i>N</i>	23	10	3	48.15
	%	63.9	27.8	8.3	

Table 15 Descriptive statistics of the problems facing small projects in Kuwait according to relationship with the project

	Owners and managers of the project		Supporters		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
First: Financial problems:						
Difficult terms in financing the project	2.01	0.99	4.11	0.71	485.5*	0.000
I don't know where to get finance for my project	2.11	0.96	2.5	0.91	2555.5* *	0.013
The finance sometimes depends on the saving of its owner	3.23	1.49	3.14	0.8	3187.5	0.599
The huge guarantee that is required to get a loan	2.82	0.74	3.86	0.64	1087.0*	0.000
Refusal of some banks and some of the financial institutions to change their usual branches to go along with the qualities of the small projects	2.72	0.78	3.61	0.9	1608.0*	0.000
Difficult terms from the government to finance the project due to the small size of the project	3.13	1.4	3.03	1.03	3181.0	0.593
Not depending on a correct finance study research before starting the project	3.59	0.82	4.53	0.74	1418.0*	0.000
The weak way of collecting the account from the loaners in time	4.03	1.19	3.39	0.64	2185.0*	0.000
The difficulty of forecasting cash flow	3.86	0.73	3.92	0.5	3144.0	0.494
The weak profit that small projects gain	4.72	0.7	4.5	0.77	2787.0* *	0.012
There are no direct or accurate financial reports that can be depended on to evaluate the financial state to the project	4.18	0.65	4.44	0.77	2580.0* *	0.015
The high interest on loans that is given to small projects	3.97	0.5	3.78	0.87	2767.0* *	0.043
The high rate of debt of small projects that weaken ability to take more loans	3.97	1.19	4.69	0.67	2328.0*	0.000
There are some religious constraints on loans	3.1	0.64	2.5	0.97	2074.0*	0.000
There is no substitute money to face any future	3.65	0.79	3.53	0.7	3147.0	0.491

expansion in the project						
Absence of financial system and a lack of experience of finance analysis to evaluate the project	3.07	1.33	3.53	0.7	2253.0*	0.001
Not enough permission time before collecting the loan payments and interest	2.87	1.26	3.58	0.69	1869.5*	0.000
Banks refuse to give loans to small projects because of the high risk	2.76	1.1	3.44	0.69	1806.0*	0.000

Table 15 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to your relationship with the project

Owners and managers of the project	Owners and managers of the project		Supporters		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Second: Marketing problems:						
Difficulty of marketing small projects products	3.44	1.41	4.69	0.58	1826.0*	0.000
Low quality of products in many small projects.	3.78	0.89	3.64	0.68	3193.0	0.592
Difficulty of obtaining government contracts and tenders.	2.78	0.84	2.86	1.29	3199.0	0.607
Non-availability of proper studies concerning needs and desires of customers.	3.9	0.69	3.83	1	3277.5	0.784
Inability of projects to vary its products.	4.08	0.59	4.42	0.91	2241.5*	0.000
Absence of objective principles when quoting small project products.	4.31	0.55	3.97	0.74	2513.5*	0.006
Lack of proper distribution system for project products.	3.75	0.99	4.61	0.69	1853.0*	0.000
Increasing internal & foreign competition for project products.	4.74	0.47	4.39	0.8	2638.5*	0.008
Lack of marketing skills of small project owners.	4.72	0.69	4.36	0.83	2543.0*	0.000
Lack of country contribution in organizing exhibitions for selling small project products.	2.64	1.07	4.64	0.76	696.0*	0.000

Non-availability of designated governmental parties to provide marketing consultancy for small projects.	2.93	0.54	3.47	0.65	2018.5*	0.000
Small projects concentration based on one combination of products and lack of development.	3.79	1.41	3.25	0.69	2519.5**	0.011
Insufficiency of co-operative societies support for small projects in finding show places for their products.	3.6	0.93	3.28	0.78	2674.0**	0.038
Small size of Kuwaiti market to accept the products.	3.31	0.88	3.5	0.94	3026.0	0.290
Availability of bigger numbers of small firms working in similar field than market need.	3.71	0.95	2.81	1.09	1714.0*	0.000
Lack of interest in small project products.	3.94	0.77	3.58	0.94	2563.0**	0.016

Table 15 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to your relationship with the project

	Owners and managers of the project		supporters		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Third: Organizational and Administrative problems:						
Lack of necessary practical experience of project owner.	4.85	0.36	4.31	1.06	2542.5*	0.000
Lack of administrative skills of small projects executives.	4.5	0.96	4.19	1.12	2865.0***	0.080
Non-availability of proper plan for projects.	4.84	0.37	4.83	0.38	3345.0	0.926
Lack of efficient trained human resources in managing the project.	4.83	0.37	4.28	0.91	2226.0*	0.000
Low experience of project owner in preparing proper feasibility studies.	4.25	0.55	4.61	0.77	2047.0*	0.000

High cost of commodities and services because of losses and shortage of trained labour.	4.8	0.53	4.56	0.77	2741.0*	0.007
Absence of a trained work-force	4.64	0.68	4.47	0.84	3018.0	0.207
Rashness in decision taking without previous study	4.89	0.32	4.42	0.94	2548.5*	0.000
Struggle between the owners for project management possessors.	3.96	1.22	4.56	0.73	2568.0**	0.012
Neglect of preparing estimated balances for project works in the coming period.	4.55	0.5	3.83	0.56	1428.0*	0.000
Difficulty of determining liability for negligence in fulfilling some tasks	4.68	0.47	3.42	0.69	698.5*	0.000
Lack of training programmes which can help labour to develop their administrative skills.	3.91	1.35	2.78	1.1	1866.0*	0.000
Dependence on foreign labour in managing project.	4.3	0.48	3.22	0.8	914.0*	0.000

Table 15 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to your relationship with the project

	Owners and managers of the project		supporters		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Fourth: Legislative problems:						
Plurality of project phases before obtaining a license to practice business.	3.59	0.68	3	1.04	2127.5*	0.000
Lack of legislative motives to expand and grow small projects.	3.64	1.6	2.89	1.04	2357.5*	0.003
Instability of bank credit rules.	4.12	0.87	3.58	0.87	2296.5*	0.001
Lack of clear rules to control small projects activities.	3.35	0.67	3.69	0.92	2621.5*	0.009

Difficulty of obtaining industrial area to establish a small project.	3.68	0.47	4.03	0.65	2446.5*	0.002
The country does not provide some facilities to small projects, such as land, buildings, and machinery as low prices.	4.25	0.92	3.89	0.57	2470.0*	0.006
Vagueness of executive schedules of rules that control work of small projects.	3.74	1.28	3.86	0.54	3277.0	0.793
Plurality of parties that support, regulate and finance small projects.	4.32	1.13	3.33	1.22	1608.0*	0.000
Lack of support and protection from the dumping in the market.	4.2	1.22	4.78	0.42	2824.0***	0.058
Lack of governmental party which can help in solving problems and provide timely intervention in crises and in case of project hindering	3.89	0.85	3.64	0.9	2861.5	0.112

* Significant at the level 0.01.

** Significant at the level 0.05.

*** Significant at the level 0.10.

Table 16 Descriptive statistics of the problems facing small projects in Kuwait according the project management

	Owner of the project		Specialized manager		test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
First: Financial problems						
Difficult terms in financing the project	2.03	1.03	1.99	0.94	4093.5	0.996
I don't know where to take the finance to my project	2.11	1.01	2.11	0.89	3995.0	0.765
The finance is sometimes depend on the saving of its owner	3.3	1.51	3.11	1.47	3846.5	0.461
The huge guaranties that is required to make a loan	2.8	0.78	2.86	0.67	3959.0	0.677

Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	2.74	0.74	2.67	0.83	3801.5	0.373
Difficult terms from the government to finance the project due to the small size of the project	3.31	1.37	2.86	1.42	3333.0**	0.029
Not depending on a correct finance study research before starting the project	3.77	0.8	3.3	0.77	2848.5*	0.000
The weak way to collect the account from the loaners in time	4.19	1.07	3.77	1.32	3480.5***	0.06
The difficulty to forecast to cash flow	3.64	0.69	4.2	0.67	2408.0*	0.000
The weak profit that small projects gain	4.73	0.69	4.71	0.7	4070.0	0.907
There are no direct or accurate financial Reports That can be depended to evaluate the financial state to the project	4.16	0.64	4.2	0.67	3958.0	0.67
The high interest on loans that is given to small projects	4.04	0.56	3.86	0.35	3440.0**	0.016
The high rate of debit to the small projects that weak its ability to take more loans	4.01	1.17	3.91	1.24	3883.0	0.512
There are some religion aspect to make the loan	3.22	0.64	2.9	0.59	3032.5*	0.001
There are no substituted money to face any future expand in the project	3.58	0.7	3.76	0.92	3819.0	0.392
There are no financial system and a lack of experience on the finance analyses to evaluate the project	3.03	1.3	3.16	1.38	3951.0	0.656
There are enough permission time before collecting the loans settlements and the interests	3.03	1.43	2.6	0.86	3657.5	0.148
Banks refuses to give loans to the small projects because of the high risk	2.9	1.23	2.54	0.81	3640.0	0.138

Table 16 (continued) Descriptive statistics of the problems facing small projects in Kuwait according the project management

	Owner of the project		Specialized manager		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Second: Marketing problems						
Difficulty to marketing small projects products	3.56	1.41	3.26	1.39	3584.0	0.119
Low quality of products in many small projects.	3.78	0.86	3.77	0.94	4021	0.819
Difficulty of obtaining a government contracts and tenders.	2.93	0.91	2.51	0.65	3110.0*	0.003
Non-availability of proper studies that concerning needs and desires of customers.	3.93	0.74	3.84	0.61	3826.5	0.409
Non-ability of projects to vary its products.	4.06	0.66	4.11	0.47	3969.0	0.675
Absence of objective principles when quoting small project products.	4.33	0.54	4.27	0.56	3869.5	0.458
Lack of proper distribution system for project products.	3.81	1.02	3.64	0.92	3779.5	0.305
Increasing the interior & exterior competition for project products.	4.61	0.54	4.97	0.17	2704.0*	0.000
Lack of marketing skills of small project owners.	4.57	0.82	4.96	0.2	3358.0*	0.001
Lack of country contribution in organizing exhibitions for selling small project products.	2.5	0.91	2.86	1.27	3730.0	0.221
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	3.05	0.55	2.71	0.46	2925.0*	0.000
Small projects concentration based on one combination of products and never subject to development.	3.69	1.43	3.94	1.36	3734.5	0.275
Non- sufficiency of co-operative societies support for small projects by finding show places for its products.	3.51	0.96	3.74	0.86	3647.5	0.188
Small size of Kuwaiti market to accept the products.	3.4	0.93	3.16	0.77	3599.5	0.127
Availability of bigger numbers of small firms working in	3.68	1	3.74	0.88	3968.0	0.702

similar field than market need.						
Non enthusiastic interesting in small project products.	3.96	0.72	3.91	0.85	3948.0	0.662

Table 16 (continued) Descriptive statistics of the problems facing small projects in Kuwait according the project management

	Owner of the project		Specialized manager		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Third: Organizational and Administrative problems						
Lack of necessary practical experience of project owner.	4.82	0.39	4.9	0.3	3769.5	0.141
Lack of administrative skills of small projects executives.	4.32	1.14	4.79	0.41	3520.0**	0.041
Non-availability of proper plan for projects.	4.86	0.35	4.8	0.4	3836.0	0.255
Lack of efficient trained human resources in managing the project.	4.86	0.35	4.79	0.41	3777.5	0.169
Lessened experience of project owner in preparing proper feasibility studies.	4.28	0.45	4.19	0.69	3882.0	0.482
High cost of commodities and submitted services because of losses highness and absence of trained labours.	4.75	0.61	4.89	0.32	3889.0	0.339
Absence of a trained work-force	4.5	0.78	4.86	0.35	3280.0*	0.003
Rashness in decision taking without previous studying	4.82	0.39	5	0	3360.0*	0.000
Struggle between the owners for project management possessors.	3.9	1.14	4.06	1.34	3766.0	0.310
Neglecting of preparing estimated balances for project works about coming period.	4.56	0.5	4.51	0.5	3891.0	0.509
Difficulty of determining delinquency liability about fulfilling some tasks	4.7	0.46	4.66	0.48	3916.0	0.535
Lacking of training programs which can help labors to develop their administrative skills.	3.97	1.33	3.83	1.37	3874.0	0.491
Entirely dependence on foreign labors in managing project.	4.3	0.46	4.34	0.48	3916.0	0.535

Table 16 (continued) Descriptive statistics of the problems facing small projects in Kuwait according the project management

	Owner of the project		Specialized manager		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Fourth: Legislative problems						
Plurality of project phases before obtaining a license of practicing business.	3.56	0.76	3.66	0.48	4074.0	0.942
Lack of legislative motives to expanse and grow the small projects.	3.72	1.44	3.49	1.84	4049.0	0.892
Instability of bank credit rules.	4.1	0.83	4.17	0.92	3879.0	0.517
Lack of clear rule to control small projects activities.	3.5	0.78	3.14	0.35	3280.0 *	0.003
Difficulty of obtaining industrial area to establish a small project.	3.72	0.45	3.66	0.48	3846.0	0.383
The country does not submit some facilities to small projects such as land, buildings, and machinery by low prices.	4.24	0.89	4.31	0.96	3837.0	0.412
Vagueness of executive schedules of rules that control works of small projects.	3.7	1.26	3.77	1.32	3871.0	0.506
Plurality of parties that support, regular and finance small projects.	4.48	0.99	4.09	1.3	3674.0	0.148
Lack of support and protection from the Dumping in the market.	4.32	1.13	4.04	1.36	3700.5	0.174
Lack of governmental party which can help in solve problems and interfering in the suitable time in crises and in case of project hindering	3.62	0.9	4.34	0.48	2261.0 *	0.000

* Significant at the level 0.01 .

** Significant at the level 0.05.

***Significant at the level 0.10 .

Table 17 Descriptive statistics of the problems facing small projects in Kuwait according to gender

	Male		Female		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
First: financial problems:						
difficult terms in financing the project	1.89	0.84	3.24	1.52	700.0*	0.000
I don't know where to take the finance to my project	2.02	0.91	3.06	1.03	700.0*	0.000
The finance is sometimes depend on the saving of its owner	3.28	1.52	2.71	1.05	1146.5	0.136
The huge guaranties that is required to make a loan	2.79	0.71	3.18	0.88	1074.5** *	0.056
Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	2.71	0.8	2.76	0.56	1314.0	0.504
Difficult terms from the government to finance the project due to the small size of the project	3.04	1.37	4.12	1.32	773.0*	0.001
Not depending on a correct finance study research before starting the project	3.56	0.83	3.82	0.64	1073.5** *	0.055
The weak way to collect the account from the loaners in time	4.13	1.2	3.06	0.43	684.5*	0.000
The difficulty to forecast to cash flow	3.94	0.71	3	0	408.0*	0.000
The weak profit that small projects gain	4.89	0.48	3.06	0.24	89.0*	0.000
There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project	4.3	0.55	3	0	68.0*	0.000
The high interest on loans that is given to small projects	4.07	0.42	3	0	76.5.0*	0.000
The high rate of debit to the small projects that weak its ability to take more loans	4.07	1.21	3	0	765.0*	0.000
There are some religion aspect to make the loan	3.11	0.67	3	0	1283.5	0.392
There are no substituted money to face any future	3.71	0.8	3	0	731.0*	0.000

expand in the project						
There are no financial system and a lack of experience on the finance analyses to evaluate the project	3.18	1.35	2.06	0.24	770.5*	0.000
There are enough permission time before collecting the loans settlements and the interests	2.95	1.29	2	0	892.5*	0.002
Banks refuses to give loans to the small projects because of the high risk	2.82	1.13	2.18	0.39	1066.5*	0.038

Table 17 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to gender

	Male		Female		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Second: Marketing problems:						
Difficulty to marketing small projects products	3.47	1.47	2.18	0.39	1441.5	0.986
Low quality of products in many small projects.	3.84	0.9	3.18	0.39	892.0*	0.004
Difficulty of obtaining a government contracts and tenders.	2.79	0.85	3.18	0.79	1328.0	0.550
Non-availability of proper studies that concerning needs and desires of customers.	3.87	0.71	2.65	0.39	1091.0***	0.067
Non-ability of projects to vary its products.	4.07	0.61	4.18	0.39	1336.5	0.543
Absence of objective principles when quoting small project products.	4.33	0.55	4.18	0.49	1154.5	0.107
Lack of proper distribution system for project products.	3.82	1.01	4.12	0	850.0*	0.001
Increasing the interior & exterior competition for project products.	4.73	0.47	3	0.49	1177.0***	0.090
Lack of marketing skills of small project owners.	4.69	0.72	4.88	0	1207.0***	0.071
Lack of country contribution in organizing exhibitions for selling small project products.	2.7	1.1	5	0	918.0*	0.003
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	2.92	0.57	2	0	1326.0	0.487
Small projects concentration based on one combination of	3.66	1.42	3	0	680.0*	0.000

products and never subject to development.						
Non- sufficiency of co-operative societies support for small projects by finding show places for its products.	3.62	0.96	5	0.49	1211.5	0.247
Smallness of Kuwaiti market size to accept the products.	3.29	0.89	3.35	0.8	1225.0	0.254
Availability of bigger numbers of small firms work in similar field than market need.	3.67	0.95	3.53	0.9	1124.0	0.103
Non enthusiastic interesting in small project products.	3.97	0.76	4.06	0.86	1105.5***	0.089

Table 17 (continued) Descriptive statistics of the problems facing small projects in Kuwait according the project gender

	Male		Female		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Third: organizational and administrative problems:						
Lack of necessary practical experience of project owner.	4.84	0.37	5	0	1207.0***	0.070
Lack of administrative skills of small projects executives.	4.55	1	4	0	476.0*	0.000
Non-availability of proper plan for projects.	4.92	0.27	4	0	110.5*	0.000
Lack of efficient trained human resources in managing the project.	4.92	0.28	4	0	119.0*	0.000
Lessened experience of project owner in preparing proper feasibility studies.	4.27	0.57	4	0	1054.0**	0.030
Highness of commodities and submitted services costs because of losses highness and absence of trained labors.	4.79	0.54	4.88	0.33	1400.0	0.725
Absence of a trained work-force	4.7	0.68	4	0	433.5*	0.000
Rashness in decision taking without previous studying	4.88	0.33	5	0	1266.5	0.125
Struggle between the owners for project management possessors.	3.87	1.24	4.82	0.39	886.0*	0.004
Neglecting of preparing estimated balances for project works about coming period.	4.6	0.49	4	0	578.0*	0.000
Difficulty of determining delinquency liability about fulfilling some tasks	4.65	0.48	5	0	943.5*	0.003
Lack of training programs which can help labors to	3.9	1.41	4	0	1088.0***	0.061

develop their administrative skills.						
Entirely dependence on foreign labors in managing project.	4.34	0.49	3.94	0.24	896.5*	0.002

Table 17 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to gender

	Male		Female		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Fourth: Legislative problems:						
Plurality of project phases before obtaining a license of practicing business.	3.55	0.69	4.06	0.24	896.0*	0.002
Lack of legislative motives to expanse and grow the small projects.	3.59	1.67	4.06	0.24	1280.5	0.411
Instability of bank credit rules.	4.14	0.91	3.94	0.24	1197.5	0.211
Lack of clear rule to control small projects activities.	3.29	0.68	3.94	0.24	499.5*	0.000
Difficulty of obtaining industrial area to establish a small project.	3.66	0.48	3.94	0.24	1037.0**	0.017
The country does not submit some facilities to small projects such as: land, building, and machinery by low prices.	4.19	0.92	4.76	0.66	971.0**	0.011
Vagueness of executive schedules of rules that control works of small projects.	3.81	1.32	3.06	0.24	1004.0**	0.028
Plurality of parties that support, regular and finance small projects.	4.26	1.16	4.88	0.33	1092.5**	0.044
Lack of support and protection from the Dumping in the market.	4.13	1.25	4.94	0.24	1008.5**	0.012
Lack of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering	3.88	0.89	4	0.35	1419.5	0.893

* Significant at the level 0.01.

** Significant at the level 0.05.

*** Significant at the level 0.10 .

Table 18 Descriptive statistics of the problems facing small projects in Kuwait according to academic qualification

	Without qualification		high school		University degree		higher studies graduate	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
First: Financial problems:								
Difficult terms in financing the project	3	1.87	1.8	0.76	2.51	1.14	1.71	0.73
I don't know where to take the finance to my project	3	1	2	0.91	2.42	1.02	1.9	0.87
The finance is sometimes depend on the saving of its owner	3.4	1.34	3.6	1.52	3.2	1.36	3.12	1.57
The huge guaranties that is required to make a loan	3.6	0.55	2.53	0.68	2.8	0.8	2.89	0.68
Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	3.2	0.45	3.07	0.91	2.69	0.75	2.59	0.73
Difficult terms from the government to finance the project due to the small size of the project	4.8	0.45	3.6	1.19	3.25	1.36	2.82	1.41
Not depending on a correct finance study research before starting the project	3.8	0.45	3.63	0.76	3.85	0.76	3.4	0.85
The weak way to collect the account from the loaners in time	3	0.71	3.5	1.33	3.61	1.26	4.53	0.88
The difficulty to forecast to cash flow	3.2	0.45	4.13	0.78	3.71	0.89	3.89	0.56
The weak profit that small projects gain	3	0.71	4.8	0.61	4.53	0.86	4.91	0.41
There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project	3.2	0.45	4.4	0.67	4.14	0.78	4.19	0.49
The high interest on loans that is given to small projects	3	0	4.03	0.49	3.85	0.55	4.09	0.41
The high rate of debit to the small projects that weak its ability to take more loans	3	0	3.8	1.16	3.53	1.26	4.37	1.05
There are some religion aspect to make the loan	3	0	2.93	0.64	3.15	0.83	3.13	0.52
There are no substituted money to face any future expand in the project	3	0	3.83	0.91	3.97	0.79	3.42	0.68

There are no financial system and a lack of experience on the finance analyses to evaluate the project	2	0	3.27	1.39	3.78	1.38	2.62	1.07
There are enough permission time before collecting the loans settlements and the interests	2	0	2.7	1.15	3.22	1.4	2.74	1.19
Banks refuses to give loans to the small projects because of the high risk	2	0	2.63	1.1	3.07	1.1	2.66	1.1

Table 18 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to qualifications

	Without qualification		high school		University degree		higher studies graduate	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Second: Marketing problems								
Difficulty to marketing small projects products	3	0	3.7	1.44	4.17	1.16	2.92	1.36
Low quality of products in many small projects.	3	0	3.97	0.89	4.22	0.91	3.47	0.75
Difficulty of obtaining a government contracts and tenders.	2.4	0.55	2.83	0.79	3.12	0.81	2.56	0.83
Non-availability of proper studies that concerning needs and desires of customers.	4	0	3.67	0.61	4.02	0.82	3.89	0.63
Non-ability of projects to vary its products.	4	0	3.97	0.67	4.25	0.66	4.01	0.52
Absence of objective principles when quoting small project products.	4	0	4.23	0.68	4.61	0.53	4.16	0.45
Lack of proper distribution system for project products.	3	0	3.97	1	4.2	0.98	3.43	0.88
Increasing the interior & exterior competition for project products.	5	0	4.67	0.61	4.66	0.48	4.81	0.42
Lack of marketing skills of small project owners.	5	0	4.63	0.76	4.73	0.67	4.72	0.7
Lack of country contribution in organizing exhibitions for selling small project products.	2	0	3.1	1.27	2.8	1.2	2.42	0.85
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	3	0	2.73	0.69	2.83	0.56	3.04	0.46

Small projects concentration based on one combination of products and never subject to development.	5	0	3.4	1.61	3.37	1.24	4.11	1.36
Non- sufficiency of co-operative societies support for small projects by finding show places for its products.	3.6	0.55	3.93	0.78	3.59	1.18	3.49	0.79
Smallness of Kuwaiti market size to accept the products.	3	0	3.37	0.96	3.15	0.96	3.41	0.81
Availability of bigger numbers of small firms working in similar field than market need.	4.6	0.55	3.87	0.9	3.81	1.04	3.54	0.89
Non enthusiastic interesting in small project products.	4.4	0.55	4.07	0.83	4.19	0.73	3.72	0.73

Table 18 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to acadimic qualifications

	Without qualification		high school		University degree		higher studies graduate	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Third: organizational and administrative problems								
Lack of necessary practical experience of project owner.	5	0	4.87	0.35	4.83	0.38	4.85	0.36
Lack of administrative skills of small projects executives.	4	0	4.5	1.04	4.44	0.88	4.56	1.02
Non-availability of proper plan for projects.	4	0	4.9	0.31	4.75	0.44	4.92	0.27
Lack of efficient trained human resources in managing the project.	4	0	4.9	0.31	4.73	0.45	4.92	0.27
Lessened experience of project owner in preparing proper feasibility studies.	4	0	4.37	0.49	4.46	0.65	4.09	0.46
High cost of commodities and submitted services because of losses highness and absence of trained labours.	4.8	0.45	4.8	0.55	4.76	0.57	4.83	0.5

Absence of a trained work-force	4	0	4.63	0.72	4.59	0.65	4.7	0.69
Rashness in decision taking without previous studying	5	0	4.87	0.35	4.92	0.28	4.87	0.34
Struggle between the owners for project management possessors.	4.8	0.45	3.63	1.38	3.44	1.22	4.34	1.03
Neglecting of preparing estimated balances for project works about coming period.	4	0	4.4	0.5	4.39	0.49	4.72	0.45
Difficulty of determining delinquency liability about fulfilling some tasks	5	0	4.5	0.51	4.63	0.49	4.76	0.43
Lack of training programs which can help labors to develop their administrative skills.	4	0	3.4	1.45	3.64	1.34	4.25	1.27
Entirely dependence on foreign labors in managing project.	4	0	4.5	0.51	4.37	0.49	4.24	0.43

Table 18 (continued)Descriptive statistics of the problems facing small projects in Kuwait according to academic qualifications

	Without qualification		high school		University degree		higher studies graduate	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Fourth: Legislative problems								
Plurality of project phases before obtaining a license of practicing business.	4	0.71	3.63	0.49	3.2	0.83	3.81	0.49
Lack of legislative motives to expanse and grow the small projects.	4.2	0.45	3.3	1.82	2.76	1.5	4.27	1.33
Instability of bank credit rules.	3.8	0.45	3.9	0.96	3.76	0.68	4.44	0.85
Lack of clear rule to control small projects activities.	3.6	0.55	3.37	0.72	3.41	0.65	3.3	0.69
Difficulty of obtaining industrial area to establish a small project.	3.6	0.55	3.63	0.49	3.46	0.5	3.85	0.36
The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.	4.2	1.1	4	1.02	4	0.87	4.48	0.85

Vagueness of executive schedules of rules that control works of small projects.	3.4	0.55	3.67	1.27	2.83	1.07	4.35	1.07
Plurality of parties that support, regular and finance small projects.	4.6	0.55	4	1.36	3.9	1.26	4.68	0.84
Lack of support and protection from the Dumping in the market.	4.6	0.55	3.93	1.44	3.64	1.31	4.62	0.92
Lack of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering	4	0.71	4.23	0.68	3.69	1.15	3.89	0.63

Table 19 Kruskal Wallis test result

	Chi-Square	P-value
First : Financial problems:		
Difficult terms in financing the project	27.338*	.000
I don't know where to take the finance to my project	13.777*	.003
The finance is sometimes depend on the saving of its owner	2.826	.419
The huge guaranties that is required to make a loan	10.944**	.012
Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	10.028**	.018
Difficult terms from the government to finance the project due to the small size of the project	16.223*	.001
Not depending on a correct finance study research before starting the project	17.395*	.001
The weak way to collect the account from the loaners in time	32.320*	.000
The difficulty to forecast to cash flow	12.193*	.007
The weak profit that small projects gain	42.965*	.000
There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project	13.794*	.003

The high interest on loans that is given to small projects	28.166*	.000
The high rate of debit to the small projects that weak its ability to take more loans	22.980*	.000
There are some religion aspect to make the loan	2.966	.397
There are no substituted money to face any future expand in the project	23.578*	.000
There are no financial system and a lack of experience on the finance analyses to evaluate the project	30.333*	.000
There are enough permission time before collecting the loans settlements and the interests	7.993**	.046
Banks refuses to give loans to the small projects because of the high risk	9.665*	.022

Table19 (continued) Kruskal Wallis test result

	Chi-Square	P-value
Second: Marketing problems		
Difficulty to marketing small projects products	32.885*	.000
Low quality of products in many small projects.	30.112*	.000
Difficulty of obtaining a government contracts and tenders.	18.536*	.000
Non-availability of proper studies that concerning needs and desires of customers.	4.990	.173
Non-ability of projects to vary its products.	7.896**	.048
Absence of objective principles when quoting small project products.	30.067*	.000
Lacking of proper distribution system for project products.	26.716*	.000
Increasing the interior & exterior competition for project products.	6.265***	.099
Lacking of marketing skills of small project owners.	1.466	.690
Lacking of country contribution in organizing exhibitions for selling small project products.	12.131*	.007
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	10.606**	.014
Small projects concentration based on one combination of products and never subject to development.	17.379*	.001
Non- sufficiency of co-operative societies support for small projects	5.489	.139

by finding show places for its products.		
Smallness of Kuwaiti market size to accept the products.	4.736	.192
Availability of bigger numbers of small firms working in similar field than market need.	9.538**	.023
Non enthusiastic interesting in small project products.	16.244*	.001

Table 19 (continued) Kruskal Wallis test result

	Chi-Square	P-value
Third: Organizational and administrative problems		
Lack of necessary practical experience of project owner.	1.119	.772
Lack of administrative skills of small projects executives.	14.399*	.002
Non-availability of proper plan for projects.	35.650*	.000
Lack of efficient trained human resources in managing the project.	36.154*	.000
Lessened experience of project owner in preparing proper feasibility studies.	21.569*	.000
High cost of commodities and submitted services because of losses highness and absence of trained labors.	.856	.836
Absence of a trained work-force	13.564*	.004
Rashness in decision taking without previous studying	1.468	.690
Struggle between the owners for project management possessors.	24.137*	.000
Neglecting of preparing estimated balances for project works about coming period.	25.669*	.000
Difficulty of determining delinquency liability about fulfilling some tasks	10.559**	.014
Lack of training programs which can help labors to develop their administrative skills.	17.072*	.001
Entirely dependence on foreign labors in managing project.	15.595*	.001

Table 19 (continued) Kruskal Wallis test result

	Chi-Square	P-value
Fourth: Legislative problems		
Plurality of project phases before obtaining a license of practicing business.	29.419*	.000
Lack of legislative motives to expanse and grow the small projects.	40.608*	.000
Instability of bank credit rules.	27.737*	.000
Lack of clear rule to control small projects activities.	5.241	.155
Difficulty of obtaining industrial area to establish a small project.	26.169	.000
The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.	13.964*	.003
Vagueness of executive schedules of rules that control works of small projects.	51.282*	.000
Plurality of parties that support, regular and finance small projects.	24.586*	.000
Lack of support and protection from the Dumping in the market.	25.320*	.000
Lack of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering	5.740	.125

* Significant at the level 0.01

** Significant at the level 0.05.

*** Significant at the level 0.10 .

Table 20 Descriptive statistics of the problems facing small projects in Kuwait according to project age

	Less than 10		from 10 less than 20		20 and more	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
First: Financial problems:						
difficult terms in financing the project	3.11	1.48	1.93	0.81	1.57	0.5
I don't know where to take the finance to my project	3.04	0.98	2.1	0.88	1.62	0.77
The finance is sometimes depend on the saving of its owner	2.93	1.27	3.32	1.46	3.19	1.69
The huge guaranties that is required to make a loan	2.81	0.92	2.77	0.72	2.96	0.66
Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	2.67	0.62	2.76	0.8	2.64	0.79
Difficult terms from the government to finance the project due to the small size of the project	3.67	1.39	3.12	1.4	2.85	1.33
Not depending on a correct finance study research before starting the project	4	0.68	3.51	0.8	3.53	0.88
The weak way to collect the account from the loaners in time	3.85	1.03	3.79	1.33	4.72	0.45
The difficulty to forecast to cash flow	3.04	0.19	4.11	0.75	3.72	0.45
The weak profit that small projects gain	3.81	1.04	4.82	0.57	5	0
There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project	3.44	0.51	4.32	0.63	4.28	0.45
The high interest on loans that is given to small projects	3.41	0.5	3.98	0.4	4.28	0.45
The high rate of debit to the small projects that	3.81	1	3.81	1.29	4.45	0.9

weak its ability to take more loans						
There are some religion aspect to make the loan	3.41	0.5	2.93	0.68	3.34	0.48
There are no substituted money to face any future expand in the project	3.41	0.5	3.85	0.89	3.3	0.46
There are no financial system and a lack of experience on the finance analyses to evaluate the project	3.22	1.5	3.34	1.42	2.36	0.49
There are enough permission time before collecting the loans settlements and the interests	3.22	1.5	2.7	1.15	3.06	1.33
Banks refuses to give loans to the small projects because of the high risk	2.81	1	2.67	1.01	2.96	1.33

Table 20 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to project age

	Less than 10		from 10 less than 20		20 and more	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Second: Marketing problems:						
Difficulty to marketing small projects products	3.81	1	3.61	1.44	2.83	1.36
Low quality of products in many small projects.	3.81	1	3.97	0.92	3.28	0.45
Difficulty of obtaining a government contracts and tenders.	3	0.92	2.8	0.79	2.6	0.9
Non-availability of proper studies that concerning needs and desires of customers.	4.48	0.51	3.81	0.69	3.79	0.62
Non-ability of projects to vary its products.	4.44	0.51	4.09	0.56	3.85	0.62
Absence of objective principles when quoting small project products.	4.52	0.51	4.35	0.58	4.11	0.43
Lack of proper distribution system for project products.	3.81	1	3.91	0.99	3.32	0.86
Increasing the interior & exterior competition for	4.59	0.5	4.81	0.44	4.68	0.52

project products.						
Lacking of marketing skills of small project owners.	5	0	4.8	0.58	4.36	0.94
Lack of country contribution in organizing exhibitions for selling small project products.	2	0	2.92	1.25	2.32	0.47
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	3	0	2.77	0.57	3.26	0.49
Small projects concentration based on one combination of products and never subject to development.	4.19	1	3.59	1.43	4.02	1.48
Non- sufficiency of co-operative societies support for small projects by finding show places for its products.	2.85	0.82	3.81	0.97	3.53	0.62
Smallness of Kuwaiti market size to accept the products.	3.26	0.66	3.13	0.88	3.77	0.84
Availability of bigger numbers of small firms working in similar field than market need.	3.44	1.15	3.8	0.96	3.64	0.79
Non enthusiastic interesting in small project products.	3.85	0.66	3.98	0.83	3.89	0.67

Table 20 (continued)Descriptive statistics of the problems facing small projects in Kuwait according to project age

	Less than 10		from 10 less than 20		20 and more	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Third: Organizational and Administrative problems:						
Lack of necessary practical experience of project owner.	5	0	4.88	0.32	4.68	0.47
Lack of administrative skills of small projects executives.	4.41	0.5	4.66	0.81	4.15	1.35
Non-availability of proper plan for projects.	4.41	0.5	4.91	0.29	4.91	0.28
Lack of efficient trained human resources in managing the project.	4.41	0.5	4.89	0.31	4.94	0.25
Lessened experience of project owner in preparing proper feasibility studies.	4.41	0.5	4.34	0.61	3.94	0.25
High costs of commodities and submitted services because of losses highness and absence of trained labors.	4.96	0.19	4.81	0.52	4.7	0.66
Absence of a trained work-force	4.41	0.5	4.77	0.57	4.45	0.9
Rashness in decision taking without previous studying	5	0	4.93	0.26	4.72	0.45
Struggle between the owners for project management possessors.	4.07	0.96	3.73	1.33	4.43	0.9
Neglecting of preparing estimated balances for project works about coming period.	4.41	0.5	4.5	0.5	4.72	0.45
Difficulty of determining delinquency liability about fulfilling some tasks	5	0	4.59	0.49	4.72	0.45
Lack of training programs which can help labors to develop their administrative skills.	4.37	0.56	3.69	1.43	4.17	1.36
Entirely dependence on foreign labors in managing project.	3.93	0.27	4.41	0.49	4.28	0.45

Table 20 (continued)Descriptive statistics of the problems facing small projects in Kuwait according to project age

	Less than 10		from 10 less than 20		20 and more	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Fourth: Legislative problems:						
Plurality of project phases before obtaining a license of practicing business.	3.19	1.04	3.52	0.63	4	0
Lack of legislative motives to expanse and grow the small projects.	3.22	1.05	3.28	1.81	4.72	0.45
Instability of bank credit rules.	3.96	0.19	4.03	0.92	4.45	0.9
Lack of clear rule to control small projects activities.	3.52	0.51	3.23	0.57	3.55	0.9
Difficulty of obtaining industrial area to establish a small project.	3.52	0.51	3.59	0.49	4	0
The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.	4.44	0.64	4.12	0.96	4.45	0.9
Vagueness of executive schedules of rules that control works of small projects.	2.67	0.62	3.58	1.35	4.72	0.45
Plurality of parties that support, regular and finance small projects.	4.52	0.51	3.99	1.32	5	0
Lack of support and protection from the Dumping in the market.	4.11	0.97	3.89	1.37	5	0
Lack of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering	3.19	1.04	4.12	0.83	3.72	0.45

Table 21 Kruskal Wallis test result

	Chi-Square	P-value
First: Financial problems:		
Difficult terms in financing the project	26.756*	.000
I don't know where to take the finance to my project	34.023*	.000
The finance is sometimes depend on the saving of its owner	1.809	.405
The huge guaranties that is required to make a loan	2.357	.308
Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	.920	.631
Difficult terms from the government to finance the project due to the small size of the project	6.699**	.035
Not depending on a correct finance study research before starting the project	12.022*	.002
The weak way to collect the account from the loaners in time	16.866*	.000
The difficulty to forecast to cash flow	50.117*	.000
The weak profit that small projects gain	56.009*	.000
There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project	37.571*	.000
The high interest on loans that is given to small projects	51.978*	.000
The high rate of debit to the small projects that weak its ability to take more loans	10.196*	.006
There are some religion aspect to make the loan	19.710*	.000
There are no substituted money to face any future expand in the project	14.828*	.001
There are no financial system and a lack of experience on the finance analyses to evaluate the project	11.016*	.004
There are enough permission time before collecting the loans settlements and the interests	5.236***	.073
Banks refuses to give loans to the small projects because of the high risk	1.365	.505

Table 21 (continued) Kruskal Wallis test result

	Chi-Square	P-value
Second: Marketing problems:		
Difficulty to marketing small projects products	15.330*	.000
Low quality of products in many small projects.	18.688*	.000
Difficulty of obtaining a government contracts and tenders.	4.865***	.088
Non-availability of proper studies that concerning needs and desires of customers.	22.265*	.000
Non-ability of projects to vary its products.	17.665*	.000
Absence of objective principles when quoting small project products.	12.287*	.002
Lack of proper distribution system for project products.	12.707	.002
Increasing the interior & exterior competition for project products.	6.970**	.031
Lack of marketing skills of small project owners.	17.069*	.000
Lack of country contribution in organizing exhibitions for selling small project products.	19.024*	.000
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	27.192*	.000
Small projects concentration based on one combination of products and never subject to development.	5.998**	.050
Non- sufficiency of co-operative societies support for small projects by finding show places for its products.	20.836*	.000
Smallness of Kuwaiti market size to accept the products.	17.923*	.000
Availability of bigger numbers of small firms working in similar field than market need.	2.840	.242
Non enthusiastic interesting in small project products.	.709	.702

Table 21 (continued) Kruskal Wallis test result

	Chi-Square	P-value
Third: Organizational and Administrative problems:		
Lack of necessary practical experience of project owner.	16.331*	.000
Lack of administrative skills of small projects executives.	12.923*	.002
Non-availability of proper plan for projects.	43.526*	.000
Lack of efficient trained human resources in managing the project.	41.775*	.000
Lessened experience of project owner in preparing proper feasibility studies.	22.351*	.000
High costs of commodities and submitted services because of losses highness and absence of trained labors.	3.641	.162
Absence of a trained work-force	16.506*	.000
Rashness in decision taking without previous studying	17.998*	.000
Struggle between the owners for project management possessors.	10.737*	.005
Neglecting of preparing estimated balances for project works about coming period.	8.798**	.012
Difficulty of determining delinquency liability about fulfilling some tasks	17.071*	.000
Lack of training programs which can help labors to develop their administrative skills.	5.626*	.060
Entirely dependence on foreign labors in managing project.	20.450*	.000

Table 21 (continued) Kruskal Wallis test result

	Chi-Square	P-value
Fourth: Legislative problems:		
Plurality of project phases before obtaining a license of practicing business.	27.233*	.000
Lack of legislative motives to expanse and grow the small projects.	29.413*	.000
Instability of bank credit rules.	10.535*	.005
Lack of clear rule to control small projects activities.	12.319*	.002
Difficulty of obtaining industrial area to establish a small project.	29.338*	.000
The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.	5.296***	.071
Vagueness of executive schedules of rules that control works of small projects.	44.923*	.000
Plurality of parties that support, regular and finance small projects.	27.892*	.000
Lack of support and protection from the Dumping in the market.	27.897*	.000
Lack of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering	29.236*	.000

* Significant at the level 0.01.

** Significant at the level 0.05.

*** Significant at the level 0.10.

Table 22 Descriptive statistics of the problems facing small projects in Kuwait according to the profitability level

	Less than KD10000		From KD10000 less than 20000		More than KD20000	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
First: Financial problems						
Difficult terms in financing the project	2.08	0.99	1.88	0.9	2.32	1.25
I don't know where to take the finance to my project	2.25	0.99	1.96	0.91	2.39	1.02
The finance is sometimes depend on the saving of its owner	3.44	1.45	3.13	1.5	3.23	1.56
The huge guaranties that is required to make a loan	2.88	0.78	2.77	0.74	2.9	0.65
Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	2.85	0.83	2.67	0.76	2.65	0.75
Difficult terms from the government to finance the project due to the small size of the project	3.31	1.39	3.09	1.37	3	1.51
Not depending on a correct finance study research before starting the project	3.69	0.78	3.56	0.81	3.52	0.93
The weak way to collect the account from the loaners in time	3.85	1.32	4.15	1.14	3.94	1.12
The difficulty to forecast to cash flow	3.88	0.81	3.88	0.69	3.74	0.73
The weak profit that small projects gain	4.77	0.65	4.77	0.64	4.48	0.93
There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project	4.23	0.65	4.18	0.62	4.1	0.75
The high interest on loans that is given to small projects	3.96	0.44	4	0.48	3.9	0.65
The high rate of debit to the small projects that weak its ability to take more loans	3.94	1.23	4.05	1.2	3.77	1.12
There are some religion aspect to make the loan	3.13	0.74	3.06	0.62	3.19	0.54
There are no substituted money to face any future expand in the project	3.83	0.81	3.59	0.78	3.55	0.77
There are no financial system and a lack of experience on the finance analyses to evaluate the project	3.52	1.42	2.93	1.28	2.81	1.17
There are enough permission time before collecting	3.08	1.33	2.76	1.23	2.87	1.26

the loans settlements and the interests						
Banks refuses to give loans to the small projects because of the high risk	2.96	1.07	2.7	1.1	2.65	1.14

Table 22 (continued) Descriptive statistics of the problems facing small projects in Kuwait according to the profitability level

	Less than 10000		From 10000 less than 20000		More than 20000	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Second: Marketing problems						
Difficulty to marketing small projects products	3.79	1.4	3.29	1.41	3.39	1.33
Low quality of products in many small projects.	4.06	0.94	3.68	0.86	3.61	0.8
Difficulty of obtaining a government contracts and tenders.	2.96	0.84	2.68	0.84	2.77	0.84
Non-availability of proper studies that concerning needs and desires of customers.	3.98	0.73	3.89	0.7	3.77	0.62
Non-ability of projects to vary its products.	4.23	0.58	4.03	0.57	4	0.68
Absence of objective principles when quoting small project products.	4.46	0.58	4.3	0.48	4.1	0.65
Lack of proper distribution system for project products.	3.94	1.06	3.66	0.95	3.71	0.97
Increasing the interior & exterior competition for project products.	4.65	0.52	4.77	0.47	4.81	0.4
Lack of marketing skills of small project owners.	4.75	0.62	4.71	0.71	4.68	0.75
Lack of country contribution in organizing exhibitions for selling small project products.	2.71	1.13	2.62	1.05	2.58	1.03
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	2.81	0.56	2.95	0.53	3.03	0.55
Small projects concentration based on one combination of products and never subject to development.	3.5	1.36	3.89	1.36	3.9	1.58
Non- sufficiency of co-operative societies support for small projects by finding show places for its products.	3.5	1.02	3.61	0.91	3.74	0.86

Smallness of Kuwaiti market size to accept the products.	3.42	0.94	3.24	0.86	3.35	0.84
Availability of bigger numbers of small firms working in similar field than market need.	3.54	1.06	3.73	0.91	3.9	0.91
Non enthusiastic interesting in small project products.	3.94	0.8	3.89	0.76	4.1	0.75

Table 22 (continued) descriptive statistics of the problems facing small projects in Kuwait according to the profitability level

	Less than 10000		From 10000 less than 20000		More than 20000	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Third: Organizational and Administrative problems						
Lack of necessary practical experience of project owner.	4.88	0.32	4.84	0.37	4.84	0.37
Lack of administrative skills of small projects executives.	4.62	0.84	4.52	0.98	4.23	1.09
Non-availability of proper plan for projects.	4.83	0.38	4.88	0.33	4.74	0.44
Lack of efficient trained human resources in managing the project.	4.83	0.38	4.87	0.34	4.74	0.44
Lessened experience of project owner in preparing proper feasibility studies.	4.4	0.6	4.2	0.53	4.13	0.5
Highness of commodities and submitted services costs because of losses highness and absence of trained labors.	4.9	0.36	4.79	0.53	4.68	0.7
Absence of a trained work-force	4.73	0.6	4.65	0.68	4.42	0.76
Rashness in decision taking without previous studying	4.92	0.27	4.88	0.32	4.84	0.37
Struggle between the owners for project management possessors.	3.67	1.23	4.08	1.22	4.03	1.14
Neglecting of preparing estimated balances for project works about coming period.	4.54	0.5	4.59	0.49	4.42	0.5
Difficulty of determining delinquency liability about fulfilling some tasks	4.65	0.48	4.7	0.46	4.68	0.48
Lack of training programs which can help labors to develop their administrative skills.	3.85	1.39	3.99	1.34	3.74	1.32

Entirely dependence on foreign labors in managing project.	4.35	0.48	4.3	0.46	4.26	0.58
--	------	------	-----	------	------	------

Table 22 (continued) descriptive statistics of the problems facing small projects in Kuwait according to the profitability level

	Less than 10000		From 10000 less than 20000		More than 20000	
	Mea n	Std. De.	Mea n	Std. De.	Mea n	Std. De.
Fourth: Legislative problems						
Plurality of project phases before obtaining a license of practicing business.	3.35	0.79	3.66	0.62	3.77	0.56
Lack of legislative motives to expanse and grow the small projects.	3.15	1.7	3.81	1.56	3.87	1.43
Instability of bank credit rules.	4	0.84	4.21	0.88	4.03	0.87
Lack of clear rule to control small projects activities.	3.27	0.6	3.35	0.68	3.52	0.77
Difficulty of obtaining industrial area to establish a small project.	3.54	0.5	3.74	0.44	3.74	0.44
The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.	4.12	0.9	4.33	0.91	4.19	0.98
Vagueness of executive schedules of rules that control works of small projects.	3.38	1.32	3.88	1.28	3.84	1.13
Plurality of parties that support, regular and finance small projects.	4.1	1.16	4.39	1.13	4.45	1.06
Lacking of support and protection from the Dumping in the market.	3.87	1.28	4.31	1.2	4.42	1.09
Lack of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering	3.81	1.05	3.91	0.78	3.94	0.73

Table 23 Kruskal Wallis test result

	Chi-Square	P-value
First: Financial problems		
Difficult terms in financing the project	3.849	0.146
I don't know where to take the finance to my project	6.214**	0.045
The finance is sometimes depend on the saving of its owner	1.729	0.421
The huge guaranties that is required to make a loan	1.624	0.444
Refusal of some banks and some of the financial insinuations to change their usual branches to go alone with the qualities of the small projects	1.848	0.397
Difficult terms from the government to finance the project due to the small size of the project	1.064	0.587
Not depending on a correct finance study research before starting the project	1.508	0.470
The weak way to collect the account from the loaners in time	2.463	0.292
The difficulty to forecast to cash flow	0.925	0.630
The weak profit that small projects gain	4.367	0.113
There are no direct or accurate financial Reports that can be depended to evaluate the financial state to the project	0.674	0.714
The high interest on loans that is given to small projects	0.972	0.615
The high rate of debit to the small projects that weak its ability to take more loans	1.363	0.506
There are some religion aspect to make the loan	1.278	0.528
There are no substituted money to face any future expand in the project	4.255	0.119
There are no financial system and a lack of experience on the finance analyses to evaluate the project	7.152**	0.028
There are enough permission time before collecting the loans settlements and the interests	2.711	0.258

Banks refuses to give loans to the small projects because of the high risk	3.654	0.161
--	-------	-------

Table 23 (continued) Kruskal Wallis test result

	Chi-Square	P-value
Second: Marketing problems		
Difficulty to marketing small projects products	4.34	0.114
Low quality of products in many small projects.	6.907**	0.032
Difficulty of obtaining a government contracts and tenders.	4.169	0.124
Non-availability of proper studies that concerning needs and desires of customers.	1.645	0.439
Non-ability of projects to vary its products.	4.589	0.101
Absence of objective principles when quoting small project products.	8.01**	0.018
Lack of proper distribution system for project products.	2.658	0.265
Increasing the interior & exterior competition for project products.	2.928	0.231
Lack of marketing skills of small project owners.	0.058	0.971
Lack of country contribution in organizing exhibitions for selling small project products.	0.177	0.915
Non-availability of designated governmental parties to submit the marketing consultancies for small projects.	3.929	0.140
Small projects concentration based on one combination of products and never subject to development.	3.581	0.167
Non- sufficiency of co-operative societies support for small projects by finding show places for its products.	1.108	0.575
Smallness of Kuwaiti market size to accept the products.	1.503	0.472
Availability of bigger numbers of small firms working in similar field than market need.	2.951	0.229
Non enthusiastic interesting in small project products.	1.671	0.434

Table 23 (continued)Kruskal Wallis test result

	Chi-Square	-value
Third: Organizational and Administrative problems		
Lack of necessary practical experience of project owner.	0.665	0.717
Lack of administrative skills of small projects executives.	5.175***	0.075
Non-availability of proper plan for projects.	3.208	0.201
Lack of efficient trained human resources in managing the project.	2.645	0.266
Lessened experience of project owner in preparing proper feasibility studies.	7.069**	0.029
High costs of commodities and submitted services because of losses highness and absence of trained labors.	2.877	0.237
Absence of a trained work-force	5.361	0.069
Rashness in decision taking without previous studying	1.402	0.496
Struggle between the owners for project management possessors.	4.074	0.130
Neglecting of preparing estimated balances for project works about coming period.	2.692	0.260
Difficulty of determining delinquency liability about fulfilling some tasks	0.378	0.828
Lack of training programs which can help labors to develop their administrative skills.	1.569	0.456
Entirely dependence on foreign labors in managing project.	0.502	0.778

Table 23 (continued)Kruskal Wallis test result

	Chi-Square	P-value
Fourth: Legislative problems		
Plurality of project phases before obtaining a license of practicing business.	9.427*	0.009
Lack of legislative motives to expanse and grow the small projects.	5.282***	0.071
Instability of bank credit rules.	2.688	0.261
Lack of clear rule to control small projects activities.	2.891	0.236
Difficulty of obtaining industrial area to establish a small project.	7.075**	0.029
The country does not submit some facilities to small projects such as: lands, buildings, and machines by low prices.	2.334	0.311
Vagueness of executive schedules of rules that control works of small projects.	5.165***	0.076
Plurality of parties that support, regular and finance small projects.	5.337***	0.069
Lack of support and protection from the Dumping in the market.	5.805***	0.055
Lack of governmental party which can help in solving problems and interfering in the suitable time in crises and in case of project hindering	0.015	0.992

* Significant at the level 0.01

** Significant at the level 0.05.

*** Significant at the level 0.10

Table 24 Descriptive statistics of the success factors of small projects in kuwait according to relationship with the project

	Owners and managers of the project		Supporters		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	4.51	0.77	4.06	0.71	2191*	0.000
Government interference to save the project in case of hindering or financial crisis.	4.2	1.08	3.61	0.9	2039*	0.000
Submitting the technical consultancy about financial feasibility studies to establish a small project.	3.86	0.84	3.89	0.57	3224	0.640
The Government supports project owner through National employees supports project	3.59	0.83	4.03	0.74	2393.5*	0.003
The Government gives the project owner a leave without payment at the beginning of the project	3.14	0.7	3.36	0.72	2911	0.131
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	4.7	0.48	2.92	1.27	1095*	0.000
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	4.36	0.92	4.03	0.7	2358*	0.002
Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	4.24	0.98	3.75	0.65	2193*	0.000
Stressing the importance of small project and its role in society development	4.37	0.85	4.25	0.81	3016	0.271
Setting up an apparatus to follow-up the collection of revenues sales from customers.	3.25	0.76	4.14	0.49	1156.5*	0.000
Setting up a marketing information system which can reflect the echo of market.	4.38	0.51	4.25	0.44	2920.5	0.135
Improvement the society looking to small business.	3.77	0.62	4.42	0.5	1711.5*	0.000
Financial support for developing and research activities that concerning small projects.	3.7	0.46	3.86	0.99	3235	0.671

Appointment a designated manager in managing small projects.	4.36	0.56	3.61	0.9	1711*	0.000
Designing a clear organizational frame shows the relationships of power and liability with project.	3.91	0.28	4.03	0.94	2645*	0.000
Developing the administrative skills for those who in charge for managing the project.	4.3	0.47	4.39	0.93	2776.5***	0.056
Increasing the interesting in training labors on small project works.	4.7	0.46	4.28	0.88	2611*	0.009
Simplifying license and registration procedures for small projects.	4.68	0.65	4.78	0.42	3318	0.850

Table 24 (continued) Descriptive statistics of the success factors of small projects in Kuwait according to relationship with the project

	Owners and managers of the project		Supporters		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Submitting some legislative and material motives to expansion and grow up the small projects.	3.9	0.3	3.67	0.89	2491*	0.000
Setting up a clear plan for small projects.	3.99	0.46	4.42	0.5	2085*	0.000
The necessity of separation between management and possession.	4.3	0.46	4.17	0.61	3015	0.222
Support developing activities and technology modernization for small projects.	3.9	0.3	3.81	0.62	3015.5	0.113
Submitting consultancies for protection from bankruptcy through concerned parties.	3.22	0.63	3.97	0.51	1129*	0.000
Applying improvement quality systems to support the competitive position for small project products.	3.43	0.69	3.64	0.68	2733**	0.034
Relating small projects with specialized research centers and universities to solve the problems.	3.22	0.63	4.89	0.46	565*	0.000
Determining a balanced geographical distribution for the locations of small projects.	3.12	0.73	4.72	0.7	798*	0.000
Submitting help for small projects to distribute	2.81	0.62	4.39	0.93	830.5*	0.000

the products locally or international.						
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	4.11	0.84	5	0	1062*	0.000
Encouraging governmental parties to purchase the products of small projects.	3.52	0.67	3.22	0.64	2454*	0.003
Providing machines based on rental purchase with feasible conditions.	3.7	0.46	4.22	0.54	1877*	0.000
Providing protection from competitive imported products.	3.93	0.54	3.89	0.57	3242	0.664
Increasing the interesting in holding training programs submitted by project concerned parties.	3.58	0.69	4.72	0.7	1013*	0.000
Setting up designated staff to submit supports and consultancies which are needed by small projects.	3.58	0.69	3.89	0.57	2434*	0.004
Establishing small project incubators in several areas like El- shewakh incubators	3.14	0.57	4.44	0.81	880.5*	0.000

* Significant at the level 0.01 .

** Significant at the level 0.05.

*** Significant at the level 0.10.

Table 25 Descriptive statistics of the success factors of small projects in Kuwait according to project management

	Owner of the project		Specialized manager		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	4.68	0.63	4.23	0.9	3055.0*	.000
Government interference to save the project in case of hindering or financial crisis.	4.37	0.87	3.93	1.32	3560.5***	.098
Submitting the technical consultancy about	3.95	0.85	3.7	0.8	3475.0**	.044

financial feasibility studies to establish a small project.						
The Government supports project owner through National employees supports project	3.74	0.96	3.34	0.48	3035.0*	.001
The Government gives the project owner a leave without payment at the beginning of the project	3.03	0.78	3.34	0.48	2889.0*	.000
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	4.72	0.49	4.66	0.48	3800.0	.298
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	4.51	0.62	4.1	1.23	3765.0	.297
Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	4.07	1.1	4.51	0.68	3341.0**	.019
Stressing the importance of small project and its role in society development	4.27	0.94	4.54	0.63	3600.0	.121
Setting up an apparatus to follow-up the collection of revenues sales from customers.	3.43	0.82	2.96	0.52	2914.0*	.000
Setting up a marketing information system which can reflect the echo of market.	4.46	0.5	4.24	0.49	3253.5*	.006
Improvement the society looking to small business.	3.68	0.74	3.93	0.26	3675.0**	.043
Financial support for developing and research activities that concerning small projects.	3.72	0.45	3.66	0.48	3846.0	.383
Appointment a designated manager in managing small projects.	4.46	0.5	4.19	0.62	3181.5*	.004
Designing a clear organizational frame shows the relationships of power and liability with project.	3.96	0.2	3.84	0.37	3626.5*	.007
Developing the administrative skills for those who in charge for managing the project.	4.3	0.46	4.31	0.5	4015.5	.783
Increasing the interesting in training labors on small project works.	4.72	0.45	4.66	0.48	3846.0	.383
Simplifying license and registration procedures for	4.5	0.76	5	0	2695.0*	.000

small projects.						
-----------------	--	--	--	--	--	--

Table 25 (continued) Descriptive statistics of the success factors of small projects in kuwait according to project management

	Owner of the project		Specialized manager		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Submitting some legislative and material motives to expansion and grow up the small projects.	3.84	0.37	4	0	3430.0*	.000
Setting up a clear plan for small projects.	3.98	0.59	4	0	4025.0	.785
The necessity of separation between management and possession.	4.28	0.45	4.34	0.48	3846.0	.383
Support developing activities and technology modernization for small projects.	3.84	0.37	4	0	3430.0*	.000
Submitting consultancies for protection from bankruptcy through concerned parties.	3.36	0.77	3	0	3360.0*	.000
Applying improvement quality systems to support the competitive position for small project products.	3.48	0.78	3.34	0.48	4022.0	.803
Relating small projects with specialized research centers and universities to solve the problems.	3.36	0.77	3	0	3360.0*	.000
Determining a balanced geographical distribution for the locations of small projects.	3.2	0.92	3	0	4025.0	.785
Submitting help for small projects to distribute the products locally or international.	2.9	0.67	2.66	0.48	3363.0**	.020
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	3.97	0.98	4.34	0.48	3479.0**	.050
Encouraging governmental parties to purchase the products of small projects.	3.62	0.75	3.34	0.48	3381.0**	.023
Providing machines based on rental purchase with feasible conditions.	3.72	0.45	3.66	0.48	3846.0	.383

Providing protection from competitive imported products.	4.06	0.55	3.71	0.46	2890.0*	.000
Increasing the interesting in holding training programs submitted by project concerned parties.	3.66	0.77	3.46	0.5	3671.0	.187
Setting up designated staff to submit supports and consultancies which are needed by small projects.	3.66	0.77	3.44	0.5	3623.0	.141
Establishing small project incubators in several areas like El- shewakh incubators	2.98	0.56	3.4	0.49	2653.0*	.000

* Significant at the level 0.01 .

** Significant at the level 0.05 .

*** Significant at the level 0.10 .

Table 26 Descriptive statistics of the success factors of small projects in Kuwait according to gender

	Male		Female		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	4.46	0.79	5	0	935.0*	0.004
Government interference to save the project in case of hindering or financial crisis.	4.12	1.1	5	0	739.5*	0.000
Submitting the technical consultancy about financial feasibility studies to establish a small project.	3.84	0.88	4	0	1402.5	0.817
The Government supports project owner through National employees supports project	3.64	0.85	3.12	0.49	883.0*	0.005
The Government gives the project owner a leave without payment at the beginning of the project	3.16	0.73	3	0	1292.0	0.401
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	4.66	0.5	5	0	977.5*	0.005
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	4.29	0.94	5	0	782.0*	0.000
Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	4.16	1	5	0	756.5*	0.000
Stressing the importance of small project and its role in society development	4.31	0.87	5	0	756.5*	0.000
Setting up an apparatus to follow-up the collection of revenues sales from customers.	3.28	0.79	3	0	1198.5	0.171

Setting up a marketing information system which can reflect the echo of market.	4.42	0.52	4	0	841.5*	0.000
Improvement the society looking to small business.	3.75	0.64	4	0	1241***	0.098
Financial support for developing and research activities that concerning small projects.	3.66	0.47	4	0	960.5*	0.004
Appointment a designated manager in managing small projects.	4.39	0.58	4	0	875.5*	0.002
Designing a clear organizational frame shows the relationships of power and liability with project.	3.92	0.27	3.82	0.39	1300.5	0.161
Developing the administrative skills for those who in charge for managing the project.	4.34	0.49	4	0	960.5*	0.005
Increasing the interesting in training labors on small project works.	4.66	0.47	5	0	960.5*	0.004
Simplifying license and registration procedures for small projects.	4.65	0.67	5	0	1105.0**	0.026

Table 26 Descriptive statistics of the success factors of small projects in Kuwait according to gender

	Male		Female		Test	
	Mean	Std. De.	Mean	Std. De.	Mann-Whitney U	P-value
Submitting some legislative and material motives to expansion and grow up the small projects.	3.89	0.32	4	0	1283.5	0.147
Setting up a clear plan for small projects.	3.99	0.49	4	0	1428.0	0.911
The necessity of separation between management and possession.	4.34	0.47	4	0	960.5*	0.004
Support developing activities and technology modernization for small projects.	3.89	0.32	4	0	1283.5	0.147
Submitting consultancies for protection from bankruptcy through concerned parties.	3.25	0.66	3	0	1266.5	0.125
Applying improvement quality systems to support the competitive position for small project products.	3.47	0.71	3	0	943.5*	0.004
Relating small projects with specialized research centers and universities to solve the problems.	3.25	0.66	3	0	1266.5	0.125
Determining a balanced geographical distribution for the locations of small projects.	3.14	0.77	3	0	1428.0	0.911
Submitting help for small projects to distribute the products locally or international.	2.79	0.65	3	0	1139.0	0.102
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	4.12	0.89	4	0	1105.0***	0.069

Encouraging governmental parties to purchase the products of small projects.	3.57	0.69	3	0	782.0*	0.000
Providing machines based on rental purchase with feasible conditions.	3.66	0.47	4	0	960.5*	0.004
Providing protection from competitive imported products.	3.92	0.57	4	0	1334.5	0.517
Increasing the interesting in holding training programs submitted by project concerned parties.	3.62	0.7	3.18	0.39	946.0*	0.009
Setting up designated staff to submit supports and consultancies which are needed by small projects.	3.63	0.7	3.06	0.24	788.5*	0.000
Establishing small project incubators in several areas like EI- shewakh incubators	3.15	0.6	3	0	1224.0	0.215

* Significant at the level 0.01 .

** Significant at the level 0.05.

*** Significant at the level 0.10.

Table 27 Descriptive statistics of the success factors of small projects in Kuwait according to academic qualification

	Without qualification		high school		University degree		higher studies graduate	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	5	0	4.3	0.95	4.41	0.81	4.61	0.68
Government interference to save the project in case of hindering or financial crisis.	5	0	3.9	1.27	3.98	1.07	4.4	0.99
Submitting the technical consultancy about financial feasibility studies to establish a small project.	4	0	3.9	0.96	3.69	1	3.94	0.69
The Government supports project owner through National employees supports project	3.8	1.1	3.67	0.71	3.68	1.01	3.51	0.73
The Government gives the project owner a leave without payment at the beginning of the project	3	0	3.23	0.68	3.29	0.83	3.03	0.62
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	5	0	4.63	0.49	4.46	0.57	4.85	0.36
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	5	0	4.07	1.14	4.15	0.85	4.55	0.85

Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	5	0	4.3	0.79	3.73	1.05	4.49	0.89
Stressing the importance of small project and its role in society development	5	0	4.4	0.67	3.93	0.96	4.61	0.72
Setting up an apparatus to follow-up the collection of revenues sales from customers.	3	0	3.03	0.61	3.47	1.04	3.19	0.56
Setting up a marketing information system which can reflect the echo of market.	4	0	4.4	0.5	4.59	0.53	4.26	0.46
Improvement the society looking to small business.	4	0	3.93	0.25	3.47	0.88	3.89	0.43
Financial support for developing and research activities that concerning small projects.	4	0	3.63	0.49	3.46	0.5	3.85	0.36
Appointment a designated manager in managing small projects.	4	0	4.47	0.57	4.63	0.49	4.17	0.54
Designing a clear organizational frame shows the relationships of power and liability with project.	3.8	0.45	3.9	0.31	3.95	0.22	3.9	0.3
Developing the administrative skills for those who in charge for managing the project.	4	0	4.5	0.51	4.37	0.49	4.22	0.44
Increasing the interesting in training labors on small project works.	5	0	4.63	0.49	4.46	0.5	4.85	0.36
Simplifying license and registration procedures for small projects	5	0	4.87	0.35	4.41	0.87	4.78	0.51

Table 27 Descriptive statistics of the success factors of small projects in Kuwait according to academic qualification

	Without qualification		high school		University degree		higher studies graduate	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Submitting some legislative and material motives to expansion and grow up the small projects.	4	0	4	0	3.75	0.44	3.96	0.2
Setting up a clear plan for small projects.	4	0	3.87	0.35	4.17	0.56	3.91	0.41
The necessity of separation between management and possession.	4	0	4.37	0.49	4.54	0.5	4.15	0.36
Support developing activities and technology modernization for small projects.	4	0	4	0	3.75	0.44	3.96	0.2
Submitting consultancies for protection from	3	0	3.27	0.69	3.17	0.56	3.26	0.67

bankruptcy through concerned parties.								
Applying improvement quality systems to support the competitive position for small project products.	3	0	3.63	0.72	3.46	0.65	3.37	0.7
Relating small projects with specialized research centers and universities to solve the problems.	3	0	3.27	0.69	3.17	0.56	3.26	0.67
Determining a balanced geographical distribution for the locations of small projects.	3	0	3.27	0.69	2.92	0.77	3.22	0.72
Submitting help for small projects to distribute the products locally or international.	3	0	2.77	0.68	2.54	0.65	2.98	0.53
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	4	0	4.5	0.51	3.86	1.18	4.15	0.62
Encouraging governmental parties to purchase the products of small projects.	3	0	3.5	0.51	3.88	0.79	3.32	0.55
Providing machines based on rental purchase with feasible conditions.	4	0	3.63	0.49	3.46	0.5	3.85	0.36
Providing protection from competitive imported products.	4	0	3.8	0.66	3.8	0.58	4.05	0.45
Increasing the interesting in holding training programs submitted by project concerned parties.	3	0	3.7	0.7	3.73	0.61	3.48	0.72
Setting up designated staff to submit supports and consultancies which are needed by small projects.	3	0	3.7	0.7	3.73	0.61	3.47	0.72
Establishing small project incubators in several areas like El- shewakh incubators	3	0	3.43	0.5	3.05	0.75	3.11	0.43

Table 28 Kruskal Wallis test

	Chi-Square	P-value
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	5.737	0.125
Government interference to save the project in case of hindering or financial crisis.	13.25*	0.004
Submitting the technical consultancy about financial feasibility studies to establish a small project.	2.493	0.477

The Government supports project owner through National employees supports project	1.771	0.621
The Government gives the project owner a leave without payment at the beginning of the project	5.767	0.124
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	25.57*	0.000
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	18.69*	0.000
Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	27.18*	0.000
Stressing the importance of small project and its role in society development	28.4*	0.000
Setting up an apparatus to follow-up the collection of revenues sales from customers.	4.578	0.205
Setting up a marketing information system which can reflect the echo of market.	19.6*	0.000
Improvement the society looking to small business.	16.89*	0.000
Financial support for developing and research activities that concerning small projects.	28.74*	0.000
Appointment a designated manager in managing small projects.	27.29*	0.000
Designing a clear organizational frame shows the relationships of power and liability with project.	1.964	0.580
Developing the administrative skills for those who in charge for managing the project.	11.71*	0.008
Increasing the interesting in training labors on small project works.	28.74*	0.000
Simplifying license and registration procedures for small projects.	11.48*	0.009

Table 28 Kruskal Wallis test

	Chi-Square	P-value
Submitting some legislative and material motives to expansion and grow up the small projects.	22.39*	0.000
Setting up a clear plan for small projects.	13.36*	0.004
The necessity of separation between management and possession.	28.74*	0.000
Support developing activities and technology modernization for small projects.	22.39*	0.000
Submitting consultancies for protection from bankruptcy through concerned parties.	1.468	0.690
Applying improvement quality systems to support the competitive position for small project products.	8.311**	0.040
Relating small projects with specialized research centers and universities to solve the problems.	1.468	0.690
Determining a balanced geographical distribution for the locations of small projects.	13.36*	0.004
Submitting help for small projects to distribute the products locally or international.	20.9*	0.000
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	8.311**	0.040
Encouraging governmental parties to purchase the products of small projects.	25.96*	0.000
Providing machines based on rental purchase with feasible conditions.	28.74*	0.000

Providing protection from competitive imported products.	10.87**	0.012
Increasing the interesting in holding training programs submitted by project concerned parties.	12.58*	0.006
Setting up designated staff to submit supports and consultancies which are needed by small projects.	13.26*	0.004
Establishing small project incubators in several areas like El- shewakh incubators	9.789**	0.020

* Significant at the level 0.01

** Significant at the level 0.05

*** Significant at the level 0.10

Table 29 Descriptive statistics of the success factors of small projects in Kuwait according to the project age

	Less than 10		from 10 less than 20		20 and more	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	4.74	0.45	4.32	0.89	4.83	0.38
Government interference to save the project in case of hindering or financial crisis.	4.59	0.5	3.97	1.25	4.53	0.65
Submitting the technical consultancy about financial feasibility studies to establish a small project.	3.67	0.55	3.73	0.96	4.28	0.45
The Government supports project owner through National employees supports project	3.26	1.13	3.64	0.76	3.68	0.78
The Government gives the project owner a leave without payment at the beginning of the project	2.74	0.45	3.31	0.68	2.98	0.74
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	4.59	0.5	4.59	0.53	5	0
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	4.59	0.5	4.15	1.07	4.72	0.45
Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	3.93	1.36	4.22	0.89	4.45	0.9
Stressing the importance of small project and its role in society development	3.89	1.4	4.35	0.74	4.72	0.45
Setting up an apparatus to follow-up the collection of revenues sales from customers.	3.74	0.98	3.12	0.76	3.28	0.45

Setting up a marketing information system which can reflect the echo of market.	4.41	0.5	4.42	0.53	4.28	0.45
Improvement the society looking to small business.	3.19	1	3.81	0.54	4	0
Financial support for developing and research activities that concerning small projects.	3.59	0.5	3.59	0.49	4	0
Appointment a designated manager in managing small projects.	4.41	0.5	4.4	0.59	4.23	0.52
Designing a clear organizational frame shows the relationships of power and liability with project.	3.89	0.32	3.91	0.29	3.94	0.25
Developing the administrative skills for those who in charge for managing the project.	4	0	4.39	0.51	4.28	0.45
Increasing the interesting in training labors on small project works.	4.59	0.5	4.59	0.49	5	0
Simplifying license and registration procedures for small projects	4.19	1	4.79	0.56	4.72	0.45

Table 29 Descriptive statistics of the success factors of small projects in Kuwait according to the project age

	Less than 10		from 10 less than 20		20 and more	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Submitting some legislative and material motives to expansion and grow up the small projects.	3.59	0.5	3.93	0.26	4	0
Setting up a clear plan for small projects.	4.41	0.5	4	0.38	3.72	0.45
The necessity of separation between management and possession.	4.41	0.5	4.41	0.49	4	0
Support developing activities and technology modernization for small projects.	3.59	0.5	3.93	0.26	4	0
Submitting consultancies for protection from bankruptcy through concerned parties.	3	0	3.14	0.52	3.55	0.9
Applying improvement quality systems to support the competitive position for small project products.	3	0	3.48	0.63	3.55	0.9
Relating small projects with specialized research centers and universities to solve the problems.	3	0	3.14	0.52	3.55	0.9
Determining a balanced geographical distribution for the locations of small projects.	2.59	0.5	3.07	0.59	3.55	0.9

Submitting help for small projects to distribute the products locally or international.	2.59	0.5	2.66	0.61	3.28	0.45
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	3.19	1	4.27	0.79	4.28	0.45
Encouraging governmental parties to purchase the products of small projects.	3.81	1	3.55	0.63	3.28	0.45
Providing machines based on rental purchase with feasible conditions.	3.59	0.5	3.59	0.49	4	0
Providing protection from competitive imported products.	4	0	3.77	0.57	4.28	0.45
Increasing the interesting in holding training programs submitted by project concerned parties.	3.44	0.51	3.61	0.62	3.6	0.9
Setting up designated staff to submit supports and consultancies which are needed by small projects.	3.41	0.5	3.59	0.62	3.64	0.9
Establishing small project incubators in several areas like El- shewakh incubators	2.59	0.5	3.3	0.6	3.06	0.25

Table 30 Kruskal Wallis test

	Chi-Square	P-value
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	12.994*	0.002
Government interference to save the project in case of hindering or financial crisis.	6.2182**	0.045
Submitting the technical consultancy about financial feasibility studies to establish a small project.	17.666*	0.000
The Government supports project owner through National employees supports project	5.9299***	0.052
The Government gives the project owner a leave without payment at the beginning of the project	22.547*	0.000
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	25.923*	0.000
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	9.9423*	0.007

Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	4.0779	0.130
Stressing the importance of small project and its role in society development	9.427*	0.009
Setting up an apparatus to follow-up the collection of revenues sales from customers.	10.631*	0.005
Setting up a marketing information system which can reflect the echo of market.	2.9234	0.232
Improvement the society looking to small business.	27.236*	0.000
Financial support for developing and research activities that concerning small projects.	27.379*	0.000
Appointment a designated manager in managing small projects.	3.4846	0.175
Designing a clear organizational frame shows the relationships of power and liability with project.	0.5186	0.772
Developing the administrative skills for those who in charge for managing the project.	15.484*	0.000
Increasing the interesting in training labors on small project works.	27.379*	0.000
Simplifying license and registration procedures for small projects.	12.713*	0.002

Table 30 Kruskal Wallis test

	Chi-Square	P-value
Submitting some legislative and material motives to expansion and grow up the small projects.	33.969*	0.000
Setting up a clear plan for small projects.	37.388*	0.000
The necessity of separation between management and possession.	27.379*	0.000
Support developing activities and technology modernization for small projects.	33.969*	0.000
Submitting consultancies for protection from bankruptcy through concerned parties.	17.998*	0.000
Applying improvement quality systems to support the competitive position for small project products.	14.384*	0.000
Relating small projects with specialized research centers and universities to solve the problems.	17.998*	0.000

Determining a balanced geographical distribution for the locations of small projects.	37.388*	0.000
Submitting help for small projects to distribute the products locally or international.	36.126*	0.000
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	30.322*	0.000
Encouraging governmental parties to purchase the products of small projects.	7.424**	0.024
Providing machines based on rental purchase with feasible conditions.	27.379*	0.000
Providing protection from competitive imported products.	30.02*	0.000
Increasing the interesting in holding training programs submitted by project concerned parties.	1.8855	0.390
Setting up designated staff to submit supports and consultancies which are needed by small projects.	1.5293	0.466
Establishing small project incubators in several areas like El- shewakh incubators	34.05*	0.000

* Significant at the level 0.01 .

** Significant at the level 0.05.

*** Significant at the level 0.10.

Table 31 Descriptive statistics of the success factors of small projects in Kuwait according to profitability level

	Less than 10000		From 10000 less than 20000		More than 20000	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Encouraging private and governmental financial institutions to submit the finance for small projects with feasible conditions.	4.33	0.86	4.58	0.72	4.58	0.76
Government interference to save the project in case of hindering or financial crisis.	3.9	1.11	4.31	1.04	4.35	1.08
Submitting the technical consultancy about financial feasibility studies to establish a small project.	3.85	0.85	3.84	0.84	3.94	0.85
The Government supports project owner through National employees supports project	3.58	0.91	3.59	0.81	3.65	0.8
The Government gives the project owner a leave without payment at the beginning of the project	3.12	0.7	3.17	0.72	3.1	0.65
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and	4.50	0.58	4.76	0.43	4.81	0.4

equipments.						
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	4.13	0.99	4.46	0.85	4.39	0.99
Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	3.94	1.07	4.34	0.93	4.39	0.92
Stressing the importance of small project and its role in society development	4.08	1.01	4.46	0.79	4.58	0.62
Setting up an apparatus to follow-up the collection of revenues sales from customers.	3.4	0.89	3.18	0.72	3.23	0.62
Setting up a marketing information system which can reflect the echo of market.	4.42	0.57	4.37	0.48	4.35	0.49
Improvement the society looking to small business.	3.58	0.8	3.83	0.55	3.9	0.4
Financial support for developing and research activities that concerning small projects.	3.54	0.5	3.74	0.44	3.81	0.4
Appointment a designated manager in managing small projects.	4.52	0.54	4.28	0.58	4.35	0.49
Designing a clear organizational frame shows the relationships of power and liability with project.	3.83	0.38	3.95	0.21	3.94	0.25
Developing the administrative skills for those who in charge for managing the project.	4.31	0.51	4.3	0.46	4.32	0.48
Increasing the interesting in training labors on small project works.	4.54	0.5	4.74	0.44	4.81	0.4
Simplifying license and registration procedures for small projects	4.54	0.8	4.73	0.59	4.77	0.5

Table 31 Descriptive statistics of the success factors of small projects in Kuwait according to profitability level

	Less than 10000		From 10000 less than 20000		More than 20000	
	Mean	Std. De.	Mean	Std. De.	Mean	Std. De.
Submitting some legislative and material motives to expansion and grow up the small projects.	3.81	0.4	3.92	0.27	3.97	0.18
Setting up a clear plan for small projects.	4.12	0.51	3.96	0.44	3.87	0.43
The necessity of separation between management and possession.	4.46	0.5	4.26	0.44	4.19	0.4

Support developing activities and technology modernization for small projects.	3.81	0.4	3.92	0.27	3.97	0.18
Submitting consultancies for protection from bankruptcy through concerned parties.	3.15	0.54	3.23	0.64	3.32	0.75
Applying improvement quality systems to support the competitive position for small project products.	3.42	0.64	3.41	0.69	3.48	0.77
Relating small projects with specialized research centers and universities to solve the problems.	3.15	0.54	3.23	0.64	3.32	0.75
Determining a balanced geographical distribution for the locations of small projects.	2.96	0.71	3.15	0.72	3.29	0.78
Submitting help for small projects to distribute the products locally or international.	2.62	0.63	2.86	0.6	2.97	0.6
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	3.96	1.07	4.14	0.77	4.26	0.63
Encouraging governmental parties to purchase the products of small projects.	3.73	0.77	3.45	0.64	3.39	0.56
Providing machines based on rental purchase with feasible conditions.	3.54	0.5	3.74	0.44	3.81	0.4
Providing protection from competitive imported products.	3.85	0.54	3.94	0.54	4.03	0.55
Increasing the interesting in holding training programs submitted by project concerned parties.	3.65	0.62	3.56	0.69	3.55	0.77
Setting up designated staff to submit supports and consultancies which are needed by small projects.	3.63	0.63	3.56	0.69	3.55	0.77
Establishing small project incubators in several areas like El- shewakh incubators	3.12	0.7	3.15	0.54	3.13	0.43

Table 32 Kruskal Wallis test

	Chi-Square	P-value
Encouraging private and governmental financial institutions to submit the finance for small projects with	3.865	0.145

feasible conditions.		
Government interference to save the project in case of hindering or financial crisis.	8.676**	0.013
Submitting the technical consultancy about financial feasibility studies to establish a small project.	0.628	0.730
The Government supports project owner through National employees supports project	0.038	0.981
The Government gives the project owner a leave without payment at the beginning of the project	0.171	0.918
Submitting some facilities to small project owners, for example: reducing project land price and reducing the customs on project imports such as machines and equipments.	10.62**	0.005
Lessening the required guarantees to obtain finance for small projects, stipulating that the project will be the guarantee to pay this loan.	5.525***	0.063
Developing the positive attitudes for those in charge for institutions in private and general sectors about the role of small projects in developing the national economy.	6.471**	0.039
Stressing the importance of small project and its role in society development	7.35**	0.025
Setting up an apparatus to follow-up the collection of revenues sales from customers.	2.265	0.322
Setting up a marketing information system which can reflect the echo of market.	0.858	0.651
Improvement the society looking to small business.	7.107**	0.029
Financial support for developing and research activities that concerning small projects.	8.794**	0.012
Appointment a designated manager in managing small projects.	6.191**	0.045
Designing a clear organizational frame shows the relationships of power and liability with project.	7.095**	0.029
Developing the administrative skills for those who in charge for managing the project.	0.082	0.960
Increasing the interesting in training labors on small project works.	8.794**	0.012
Simplifying license and registration procedures for small projects.	2.016	0.365

Table 32 Kruskal Wallis test

	Chi-Square	P-value
Submitting some legislative and material motives to expansion and grow up the small projects.	6.976**	0.031
Setting up a clear plan for small projects.	6.208**	0.045
The necessity of separation between management and possession.	8.794**	0.012
Support developing activities and technology modernization for small projects.	6.976**	0.031
Submitting consultancies for protection from bankruptcy through concerned parties.	1.402	0.496
Applying improvement quality systems to support the competitive position for small project products.	0.222	0.895
Relating small projects with specialized research centers and universities to solve the problems.	1.402	0.496
Determining a balanced geographical distribution for the locations of small projects.	6.208**	0.045
Submitting help for small projects to distribute the products locally or international.	8.217**	0.016
Issuance of periodical books reciting the success stories of some projects and failure reasons of some projects.	0.59	0.745
Encouraging governmental parties to purchase the products of small projects.	6.149**	0.046
Providing machines based on rental purchase with feasible conditions.	8.794**	0.012
Providing protection from competitive imported products.	2.411	0.299
Increasing the interesting in holding training programs submitted by project concerned parties.	1.682	0.431
Setting up designated staff to submit supports and consultancies which are needed by small projects.	1.222	0.543
Establishing small project incubators in several areas like El- shewakh incubators	0.106	0.949

* Significant at the level 0.01 .

** Significant at the level 0.05.

*** Significant at the level 0.10.